

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

**ELECTRONIC ALLEGED FAILURE OF)
FARMDALE WATER DISTRICT, AND)
ITS INDIVIDUAL COMMISSIONERS)
SCOTTIE WOOLRIDGE, JON DAILEY,) CASE NO. 2022-00347
AND EDDIE HARROD TO COMPLY)
WITH KRS 278.030, 807 KAR 5:006,)
SECTION 4(4), 807 KAR 5:006, SECTION)
26 AND 807 KRS 5:066)**

RESPONSE OF

FARMDALE WATER DISTRICT

TO

COMMISSION STAFF'S POST-HEARING

REQUEST FOR INFORMATION

DATED MARCH 21, 2024

FILED: APRIL 11, 2024

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RESPONSE OF FARMDALE WATER DISTRICT
TO COMMISSION STAFF'S POST-HEARING
REQUEST FOR INFORMATION

Comes Farmdale Water District (the "District") for its Response to Commission Staff's Post-Hearing Request for Information, and states as shown on the following pages.



Damon R. Talley

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Counsel for Farmdale Water District

COMMONWEALTH OF KENTUCKY

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**CERTIFICATION OF RESPONSE OF FARMDALE
WATER DISTRICT TO COMMISSION STAFF'S
POST-HEARING REQUEST FOR INFORMATION**

This is to certify that I have supervised the preparation of Farmdale Water District's Responses to Commission Staff's Post-Hearing Request for Information. The response submitted on behalf of Farmdale Water District is true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.

Date: April 11, 2024



Randall S. Wooldridge, Chairman
Farmdale Water District

CERTIFICATE OF SERVICE

In accordance with the Commission's Order of July 22, 2021 in Case No. 2020-00085 (Electronic Emergency Docket Related to the Novel Coronavirus COVID-19), this is to certify that the electronic filing has been transmitted to the Commission on April 11, 2024; and that there are currently no parties in this proceeding that the Commission has excused from participation by electronic means.




Damon R. Talley

VERIFICATION

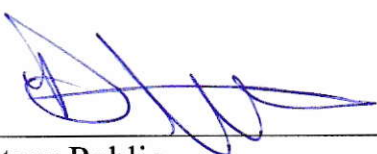
COMMONWEALTH OF KENTUCKY)
) **SS:**
COUNTY OF FRANKLIN)

The undersigned, Jan Sanders, being duly sworn, deposes and states that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge, and belief.



Jan Sanders
Office Manager
Farmdale Water District

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 10th day of April 2024.




Notary Public
My Commission Expires: 7-28-26
Notary ID: KYNP56104

VERIFICATION


COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF FRANKLIN)

The undersigned, Jeff Reynolds, P.E., being duly sworn, deposes and states that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge, and belief.



Jeff Reynolds, P.E.
HMB Professional Engineers, LLC

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 9th day of April 2024.



Notary Public (SEAL)

My Commission Expires: June 1, 2027

Notary ID: KYNP73274

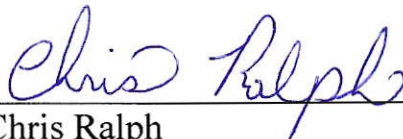
VERIFICATION

COMMONWEALTH OF KENTUCKY)

) SS:

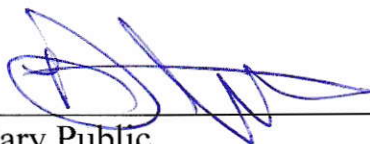
COUNTY OF FRANKLIN)

The undersigned, Chris Ralph, being duly sworn, deposes and states that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge, and belief.



Chris Ralph
Manager of Field Operations
Farmdale Water District

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 10th day of April 2024.



Notary Public

My Commission Expires: 7-28-26

Notary ID: KNUP56106

FARMDALE WATER DISTRICT

CASE NO. 2022-00347

Response to Commission Staff's Post-Hearing Request for Information

Question No. 1

Responding Witness: Randall S. Wooldridge

Q-1. Provide all written job descriptions or list of job duties for Farmdale District's commissioners and employees.

A-1. The District has not adopted a written job description for its Commissioners. In accordance with KRS 74.020(1), Commissioners control and manage the affairs of the District.

The District has the following positions:

- Manager of Field Operations
- Senior Field Worker
- Field Worker
- Part-Time Field Worker
- Office Manager
- Office Clerk

Please see **Attachment 1** for the District's employee job descriptions.

Attachment 1

Manager of Field Operations

- Maintains a **Certified Drinking Water Operator** credential appropriate for the operation of the District in accordance with the Kentucky Division of Water (“DOW”) regulations;
- Responsible for maintaining records required by the DOW and the Kentucky Public Service Commission (“PSC”);
- Supervises the work of Field Staff;
- Repairs leaks in the District’s system and instructs and supervises Field Staff in leak detection, repair, and reduction;
- Performs other duties as assigned by the Board.

Senior Field Worker

- Oversees Field Workers in maintenance of water lines and meters;
- Reads zone meters and purchased water meters daily;
- Assists in leak detection and repair work,
- Other duties as assigned by the Manager of Field Operations.

Field Worker

- Performs maintenance on water lines and meters;
- Does initial and final meter reads for the District's new and departing customers;
- Performs any other duties as assigned by Manager of Field Operations or Senior Field Worker.

Part-Time Field Worker

- Performs radio reading of the District's meters.

Office Manager

- Responsible for overseeing day-to-day operation of the District's office;
- Duties include maintaining billing, payroll, and financial records;
- Serves as a back-up for the Office Clerk;
- Receives customer complaints;
- Acts as the District's contact with its auditor;
- Other duties as assigned by the Board.

Office Clerk

- Receives customer payments;
- Makes deposits;
- Establishes new accounts;
- Other duties as assigned by Office Manager.

FARMDALE WATER DISTRICT

CASE NO. 2022-00347

Response to Commission Staff's Post-Hearing Request for Information

Question No. 2

Responding Witness: Randall S. Wooldridge

Q-2. Provide all of Farmdale District's board of commissioners meeting minutes in Farmdale District's possession generated from 2010 to present.

A-2. Please see **Exhibit 2**, filed separately, for all minutes in Farmdale District's possession for regular and special board meetings from 2010 through current.

FARMDALE WATER DISTRICT

CASE NO. 2022-00347

Response to Commission Staff's Post-Hearing Request for Information

Question No. 3

Responding Witness: Chris Ralph

Q-3. Provide all of Farmdale District's meter test reports, annual written inspection reports, pressure charts, interruption records, and meter test records in Farmdale District's possession generated from 2010 to present, except for documents already filed into the record in this case.

A-3. Please see **Exhibit 3**, filed separately, which contains records of pressure testing, meter testing, and inspections made of Farmdale District's tanks and pump station. In 2018 an emergency repair was recommended following the inspection of Farmdale District's 223,000 Gallon Standpipe Tank. These repairs were made and **Exhibit 3** contains an invoice for them. In addition, following the February 2024 inspection of the District's 500,000 Gallon Elevated Water Tank emergency repairs were required. These repairs were made and an invoice for the repairs is also include **in Exhibit 3.**

FARMDALE WATER DISTRICT

CASE NO. 2022-00347

Response to Commission Staff's Post-Hearing Request for Information

Question No. 4

Responding Witness: Randall S. Wooldridge

Q-4. Refer to Farmdale District's response to the Commission's October 20, 2023 Order, pages 4–5, paragraph 10.

- a. State the amount of the annual or per meter fee Farmdale District pays to Frankfort Plant Board for meter testing.**
- b. Provide all documents, including but not limited to, contracts, invoices, or correspondence, evidencing the terms of the agreement between Farmdale District and Frankfort Plant Board for meter testing.**

A-4. a. Farmdale Water District has not yet been charged by the Frankfort Plant Board for performing meter testing. There is no written agreement in place at this time. The Frankfort Plant Board has indicated it will bill Farmdale Water District the amount of the actual labor cost involved in performing the meter testing, and that Frankfort Plant Board employees will perform meter testing for Farmdale District as time is available to do so.

b. There are currently no invoices, because Farmdale District has not yet been charged. There is no written agreement concerning this arrangement. However, Farmdale District is in the process of attempting to reduce the arrangement

to writing and will file the written agreement into the record of this proceeding as soon as it becomes available.

FARMDALE WATER DISTRICT

CASE NO. 2022-00347

Response to Commission Staff's Post-Hearing Request for Information

Question No. 5

Responding Witness: Jan Sanders

Q-5. Provide an income statement for Farmdale District for 2023.

A-5. See **Attachment 5** for Farmdale District's Income Statement for the 2023 calendar year. This is an unaudited Income Statement and may need to be amended once the 2023 Audit is complete.

Attachment 5

Farmdale Water District
Profit & Loss
January 1 through December 1, 2023

| | <u>Jan 1 - Dec 1, 23</u> |
|-------------------------------------|--------------------------|
| Income | |
| 400 · Water Sales | 253.95 |
| 405 · Tap-on Fee | 27,177.18 |
| 407 · Rec Fees | 6,380.00 |
| 408 · Returned check Charge | 290.17 |
| 409 · Lease Income | 1,000.00 |
| 410 · Miscellaneous | -150.00 |
| 412 · Over-pay Refund | -70.22 |
| 49900 · Uncategorized Income | 2,308,594.69 |
| Total Income | <u>2,343,475.77</u> |
| Expense | |
| 500 · Water Purchased | 703,884.10 |
| 501 · Salaries & Wages | 270,368.97 |
| 502 · Payroll taxes | 86,018.06 |
| 503 · Group Hospitalization | 52,369.36 |
| 504 · Supplies | 96,939.52 |
| 505 · Maintenance & Repairs | 50,943.55 |
| 506 · Truck - Gas | 9,114.94 |
| 507 · Truck - Maintenance & Repairs | -672.39 |
| 509 · Insurance & Bonds | 22,716.67 |
| 510 · Workers Comp | 4,515.00 |
| 511 · Office Supplies | 8,224.64 |
| 512 · Office Maintenance | 13,633.02 |
| 513 · Office Equipment Maintenance | 3,573.14 |
| 514 · Employee Retirement | 71,612.23 |
| 515 · Telephone | 1,991.06 |
| 516 · Office Utilities | 6,113.88 |
| 517 · Pumping Electricity | 22,377.18 |
| 519 · PSC Assessment | 1,955.28 |
| 523 · Postage | 15,876.87 |
| 525 · Mileage Expense | 200.00 |
| 526 · Legal Fees | 37,255.25 |
| 527 · Accounting Fees | 33,945.00 |
| 539 · Sales Tax Paid | 8,050.66 |
| 540 · Sewer Fees/Surcharges | 847,354.94 |
| 541 · School Tax | 26,998.18 |
| 546 · Testing Fees | 5,738.67 |
| 553 · Education & Training | 3,327.50 |
| 554 · Uniform Rental | 5,102.13 |

2:39 PM
03/27/24
Cash Basis

Farmdale Water District
Profit & Loss
January 1 through December 1, 2023

| | <u>Jan 1 - Dec 1, 23</u> |
|--------------------------------|--------------------------|
| 66000 · Payroll Expenses | 36.00 |
| 69800 · Uncategorized Expenses | <u>24,739.94</u> |
| Total Expense | <u>2,434,303.35</u> |
| Net Income | <u><u>-90,827.58</u></u> |

FARMDALE WATER DISTRICT

CASE NO. 2022-00347

Response to Commission Staff's Post-Hearing Request for Information

Question No. 6

Responding Witness: Randall S. Wooldridge

Q-6. State how much Farmdale District has spent on replacement meters since it started installing AMR meters in 2012.

A-6. Farmdale District has spent \$124,459.33 on replacement meters since 2012.

FARMDALE WATER DISTRICT**CASE NO. 2022-00347****Response to Commission Staff's Post-Hearing Request for Information****Question No. 7****Responding Witness: Jan Sanders****Q-7. Identify the current balances of each cash and investment account.**

A-7. The current balances (rounded to the nearest dollar) of Farmdale District's cash and investment accounts are set forth below:

| | | |
|--|-------------------|--------------|
| General Operating Checking Account (Whitaker Bank) | \$154,280. | |
| Checking Account (Community Trust Bank) | 1,946. | |
| Money Market Account (Community Trust Bank) | 107,714. | |
| Certificate of Deposit (Community Trust Bank) | 106,951. | |
| Water Loss Reduction Surcharge Account (Community Trust Bank) | 321,235. | (Restricted) |
| Debt Service Reserve Account (Whitaker Bank) | 99,771. | (Restricted) |
| Customer Deposit Account (Whitaker Bank) | <u>45,931.</u> | (Restricted) |
| Total | \$837,828. | |

FARMDALE WATER DISTRICT

CASE NO. 2022-00347

Response to Commission Staff's Post-Hearing Request for Information

Question No. 8

Responding Witness: Randall S. Woolridge

Q-8. Provide an estimate of how much water loss for 2022 and 2023 is attributable to slow or dead meters.

A-8. Farmdale District estimates that between **35 to 40%** of its water loss is from slow or dead meters. On March 17, 2023, Farmdale District estimated that between 20 to 25% of its water loss was from slow or dead meters [See Response to Commission Staff's Second Request for Information, Item 1(h)]. As more meters have been tested and fewer leaks are occurring in Farmdale District's distribution system, both the Board and its Manager of Field Operations now believe that 35 to 40% is a more appropriate estimate.

WATER DISTRICT

CASE NO. 2022-00347

Response to Commission Staff's Post-Hearing Request for Information

Question No. 9

Responding Witness: Randall S. Wooldridge

Q-9. Provide a copy of any pending applications for grants or loans, any correspondence related to those grants or loans, and the Kentucky Infrastructure Authority WRIS project profile number for contemplated expenditure.

A-9. Farmdale District does not have any grant or loan applications pending. It has been awarded a low-interest loan from Rural Development ("RD") and a KIA Cleaner Water Grant. Both of these are discussed below.

RD Loan - \$2,458,000. On April 13, 2020, RD awarded a low-interest loan in the amount of \$2,458,000 to Farmdale District to replace several miles of its existing Asbestos-Cement ("A/C") water lines. This Project is described in the project profile for WRIS Number WX21073020. See **Attachment 9-1** for RD's Letter of Conditions, which sets forth certain terms and conditions which must be met before the A/C Replacement Project can be advertised for bid. This Project has been delayed because of the difficulty of obtaining all the necessary easements. Farmdale District has now obtained all the necessary easements except for two (2). It reasonably believes that these final easements will be obtained within

the next 30 days. Then, it will seek permission from RD to advertise the Project for bids.

KIA Grant 22CWW024 - \$113,084. Farmdale District was awarded a grant in House Bill 1 enacted in the 2022 Regular Session of the Kentucky General Assembly as part of the Cleaner Water program. The Grant number is 22CWW024 and the amount of the Grant is \$113,084. The Grant is being administrated by the Kentucky Infrastructure Authority (“KIA”). Originally this Grant was for WRIS Number WX21073017. That Project has already been constructed with other grant funds provided by the Franklin Fiscal Court. Subsequently, Farmdale District requested, and KIA approved, for the Grant funds to be reallocated to enable Farmdale District to be reimbursed for the cost of certain equipment to enable it to repair leaks and maintain its distribution system (mini-excavator, Ford truck, and trailer). The actual cost of this equipment is **\$75,224.75**, which has already been purchased by Farmdale District and placed into service. Note, this equipment is identified in paragraph 6 on page 6 of Farmdale District’s Qualified Infrastructure Improvement Plan. The balance of the Grant funds will be used to purchase new meters. On March 1, 2024, Farmdale District’s Board of Commissioners adopted a Resolution accepting this Grant and approving the Grant Assistance Agreement, which is being filed with this Response as **Attachment 9-2**.

Attachment 9-1



April 13, 2020

Clifford Toles, Chairman
Farmdale Water District
100 Highwood Drive
Frankfort, Kentucky 40601

SUBJECT: Recipient Name: Farmdale Water District
Project Name: FY 20 AC Line Replacement

Dear Chairman Toles:

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

This letter is not to be considered as loan approval or as a representation as to the availability of funds. The docket may be completed on the basis of a RUS loan not to exceed \$2,458,000. No applicant cash contribution will be required.

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

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

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

If the conditions set forth in this letter are not met within 180 days from the date hereof, Rural Development reserves the right to discontinue the processing of the application. In signing Form RD 1942-46, "Letter of Intent to Meet Conditions," you are agreeing to complete the following as expeditiously as possible:

Rural Development • Kentucky State Office
771 Corporate Drive, Suite 200, Lexington, Kentucky 40502
Voice (859) 224-7300 • Fax (855) 661-8335 • TTY (859) 224-7422

USDA is an equal opportunity provider, employer and lender.

1. Number of Users and Their Contribution:

There shall be 2,639 water users, of which all are existing users. The Area Director will review and authenticate the number of users prior to advertising for construction bids.

2. Repayment Period:

The loan will be scheduled for repayment over a period not to exceed 40 years from the date of the Bond. Principal payment will not be deferred. Payments will be in accordance with applicable KRS, which requires interest to be paid semi-annually (January 1st and July 1st) and principal will be due on or before the first of January. Rural Development may require the District to adopt a supplemental payment agreement providing for monthly payments of principal and interest so long as the bond is held or insured by RUS. Monthly payments will be approximate amortized installments.

3. Recommended Repayment Method:

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

4. Reserve Accounts:

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

The District will be required to deposit \$800 per month into a "Funded Debt Reserve Account" until the account reaches \$96,000. The deposits are to be resumed any time the account falls below the \$96,000.

The required monthly deposits to the Reserve Account and required Reserve Account levels are in addition to the requirements of the District's prior bond ordinances.

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

The District also needs to fund an account for short-lived assets by depositing a sum of \$3,917 monthly into the account. The funds in the short-lived asset account may be used by the District as needed to replace or add short-lived assets in the District's utility systems.

5. Security Requirements:

A pledge of gross water revenue(s) will be provided in the Bond Ordinance. Bonds shall rank on a parity with existing bonds, if possible.

If this is not possible, the bond will be subordinate and junior to the existing bonds, in which case the District will be required to abrogate its right to issue additional bonds ranking on a parity with the existing bonds, so long as any unpaid indebtedness remains on this bond issue. Additional security requirements are contained in [RUS Bulletin 1780-12, "Water and Waste System Grant Agreement," and RUS Bulletin 1780-27, "Loan Resolution Public Body." A draft of all security instruments, including, draft bond resolution, must be reviewed and concurred in by the Agency prior to advertising for bids. The Bond Resolution and Loan Resolution must be duly adopted and executed prior to loan closing. The Grant Agreement must be fully executed prior to the first disbursement of grant funds.

6. Land Rights and Real Property:

The District will be required to furnish satisfactory title, easements, etc., necessary to install, maintain and operate the facility to serve the intended users.

The pipelines will be on private rights-of-way where feasible. Easements and options are to be secured prior to advertising for construction bids.

7. Organization:

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

The District must maintain a current registration of their Dun and Bradstreet Data Universal Numbering System (DUNS) number in SAM.gov (System for Award Management) in order to receive federal loan and/or grant financial assistance. This registration must be updated/renewed at least annually.

8. Business Operations:

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

9. Conflict of Interest Policy:

Prior to obligation of funds, you will certify in writing that your organization has in place an up-to-date written policy on conflict of interest. The policy will include, at a minimum: (1) a requirement for those with a conflict/potential conflict to disclose the conflict/potential conflict, (2) a prohibition of interested members of the applicant's governing body from voting on any matter in which there is a conflict, and (3) a description of the specific process by which the governing body will manage identified or potential conflicts. You must also submit a disclosure of planned or potential transactions related to the use of Federal funds that may constitute or present the appearance of personal or organizational conflict of interest. Sample conflict of interest policies may be found at the National Council of Nonprofits website, <https://www.councilofnonprofits.org/tools-resources/conflict-of-interest>, or in Internal Revenue Service Form 1023, Appendix A, "Sample Conflict of Interest Policy," at <http://www.irs.gov/pub/irs-pdf/i1023.pdf>. Though these examples reference non-profit corporations, the requirement applies to all types of Agency borrowers.

Disclosure must be in the form of a written letter signed and dated by the applicant's official. A negative disclosure of the same format is required if no conflicts are anticipated. Assistance in developing a conflict of interest policy is available through Agency-contracted technical assistance providers if desired.

10. Accounts, Records and Audits:

The District will be required to maintain adequate records and accounts and submit annual budgets and year-end reports (annual audits)/statistical and financial reports, quarterly and annually, in accordance with subsection 1780.47 of RUS Instruction 1780.

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

The type of financial information that must be submitted is specified below:

Audits – An annual audit under the Single Audit Act is required if you expend \$750,000 or more in Federal financial assistance per fiscal year. The total Federal funds expended from all sources shall be used to determine Federal financial assistance expended. Expenditures of interim financing are considered Federal expenditures.

All audits are to be performed in accordance with 2 CFR Part 200, as adopted by USDA through 2 CFR Part 400. Further guidance on preparing an acceptable audit can be obtained from the Agency. It is not intended that audits required by this part be separate and apart from audits performed in accordance with State and local laws. To the extent feasible, the audit work should be done in conjunction with those audits. The audit must be prepared by an independent licensed Certified Public Accountant, or a State or Federal auditor if allowed by State law, and must be submitted within 9 months of your fiscal year end.

12. Insurance and Bonding:

The following insurance and bonding will be required:

- A. Adequate Liability and Property Damage Insurance including vehicular coverage, if applicable, must be obtained and maintained by the District. The District should obtain amounts of coverage as recommended by its attorney, consulting engineer and/or insurance provider.
- B. Worker's Compensation - The District will carry worker's compensation insurance for employees in accordance with applicable state laws.
- C. Fidelity Bond - The District will provide Fidelity Bond Coverage for all persons who have access to funds. Coverage may be provided either for all individual positions or persons, or through "blanket" coverage providing protection for all appropriate employees and/or officials. The amount of coverage required for all RUS loans is \$181,000.
- D. Real Property Insurance - The District will obtain and maintain adequate fire and extended coverage on all structures including major items of equipment or machinery located in the structures. The amounts of coverage should be based on recommendations obtained by the District from its attorney, consulting engineer and/or insurance provider. Subsurface lift stations do not have to be covered except for the value of electrical and pumping equipment therein.
- E. Flood Insurance - The District will obtain and maintain adequate coverage on any facilities located in special flood and mudslide prone areas.

13. Planning and Performing Development:

- A. The engineer should not be authorized to commence work on final plans and specifications until a determination has been made that the project can be planned and constructed within the estimated cost shown in paragraph "25" of this letter. The engineer may then proceed to develop final plans and specifications to be completed no later than 180 days from this date, and prepare bid documents. The Area Director is prepared to furnish the necessary guide to follow so as to keep the project plans and documents within our guidelines and requirements. The project must be constructed by the design/bid/build method of construction. The project should not be advertised for construction bids until all easements and enforceable options have been obtained, and total funds are committed or available for the project.
- B. The following documents will be submitted to Rural Development for review and must be concurred in by Rural Development prior to advertisement for construction bids:
 - 1. Final plans, specifications and bid documents.
 - 2. Applicant's letter on efforts to encourage small business and minority-owned business participation.
 - 3. Legal Service Agreements.
 - 4. Engineering Agreements.

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

Prior to receipt of an authorization to advertise for construction bids, the District will obtain advance clearance from Bond Counsel and/or Local Counsel regarding compliance with KRS 424 pertaining to publishing of the advertisement for construction bids in local newspapers and the period of time the notice is required to be published.

14. Bid Tabulation:

Immediately after bid opening, you must provide the Agency with the bid tabulation and your engineer's evaluation of bids and recommendations for contract awards. If the Agency agrees that the construction bids received are acceptable, adequate funds are available to cover the total project costs, and all the requirements of this letter have been satisfied, the Agency will authorize you to issue the Notice of Award.

- A. Cost Overruns – If bids are higher than expected, or if unexpected construction problems are encountered, you must utilize all options to reduce cost overruns. Negotiations, redesign, use of bidding alternatives, rebidding or other means will be considered prior to commitment of subsequent funding by the Agency. Any requests for subsequent funding to cover cost overruns will be contingent on the availability of funds.

Cost overruns exceeding 20% of the development cost at time of loan or grant approval or where the scope of the original purpose has changed will compete for funds with all other applications on hand as of that date.

- B. Excess Funds – If bids are lower than anticipated at time of obligation, excess funds must be de-obligated prior to start of construction except in the cases addressed in this paragraph. In cases where the original PER for the project included items that were not bid, or were bid as an alternate, the State Office official may modify the project to fully utilize obligated funds for those items. Amendments to the PER, ER, and letter of conditions may be needed for any work not included in the original project scope. In all cases, prior to start of construction, excess funds will be de-obligated, with grant funds being de-obligated first. Excess funds do not include contingency funds as described in this letter.

15. Contract Documents, Final Plans, and Specifications:

- A. The contract documents must consist of the EJCDC construction contract documents as indicated in RUS Bulletin 1780-26 or other Agency-approved forms of agreement.
- B. The contract documents, final plans, and specifications must comply with RUS Instruction 1780, Subpart C – Planning, Designing, Bidding, Contracting, Constructing and Inspections, and must be submitted to the Agency for concurrence prior to advertising for bids along with an updated cost estimate. The Agency may require another updated cost estimate if a significant amount of time elapses between the original submission and advertising for bids.

- C. The use of any procurement method other than competitive sealed bids must be requested in writing and approved by the Agency.

16. Contract Review:

Your attorney will certify that the executed contract documents, including performance and payment, if required, are adequate and that the persons executing these documents have been properly authorized to do so in accordance with RUS Instruction 1780.61 (b).

17. Civil Rights & Equal Opportunity:

You should be aware of and will be required to comply with other federal statute requirements including but not limited to:

A. Section 504 of the Rehabilitation Act of 1973:

Under Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), no handicapped individual in the United States shall, solely by reason of their handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Rural Development financial assistance.

B. Civil Rights Act of 1964:

All borrowers are subject to, and facilities must be operated in accordance with, Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) and Subpart E of Part 1901 of this Title, particularly as it relates to conducting and reporting of compliance reviews.

Instruments of conveyance for loans and/or grants subject to the Act must contain the covenant required by paragraph 1901.202(e) of this Title.

C. The Americans with Disabilities Act (ADA) of 1990:

This Act (42 U.S.C. 12101 et seq.) prohibits discrimination on the basis of disability in employment, state and local government services, public transportation, public accommodations, facilities, and telecommunications. Title II of the Act applies to facilities operated by state and local public entities that provide services, programs, and activities. Title III of the Act applies to facilities owned, leased, or operated by private entities that accommodate the public.

D. Age Discrimination Act of 1975:

This Act (42 U.S.C. 6101 et seq.) provides that no person in the United States shall, on the basis of age, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

E. Limited English Proficiency (LEP) under Executive Order 13166:

LEP statutes and authorities prohibit exclusion from participation in, denial of benefits of, and discrimination under Federally-assisted and/or conducted programs on the ground of race, color, or national origin. Title VI of the Civil Rights Act of 1964 covers program access for LEP persons.

LEP persons are individuals who do not speak English as their primary language and who have a limited ability to read, speak, write, or understand English. These individuals may be entitled to language assistance, free of charge. You must take reasonable steps to ensure that LEP persons receive the language assistance necessary to have meaningful access to USDA programs, services, and information your organization provides. These protections are pursuant to Executive Order 13166 entitled, "Improving Access to Services by Persons with Limited English Proficiency" and further affirmed in the USDA Departmental Regulation 4330-005, "Prohibition Against National Origin Discrimination Affecting Persons with Limited English Proficiency in Programs and Activities Conducted by USDA."

Agency financial programs must be extended without regard to race, color, religion, sex, national origin, marital status, age, or physical or mental handicap. You must display posters (provided by the Agency) informing users of these requirements, and the Agency will monitor your compliance with these requirements during compliance reviews.

18. Closing Instructions:

The Office of General Counsel, our Regional Attorney, will be required to write closing instructions in connection with this loan. Conditions listed therein must be met by the District.

19. Compliance with Special Laws and Regulations:

The District will be required to conform to any and all state and local laws and regulations affecting this type project.

20. Treatment Plant and System Operator:

The District is reminded that the water system operator must have an Operator's Certificate issued by the State.

21. Prior to Pre-Closing the Loan, the District Will Be Required to Adopt:

- A. Form RUS Bulletin 1780-27, "Loan Resolution (Public Bodies)."
- B. Form RD 400-1, "Equal Opportunity Agreement."
- C. Form RD 400-4, "Assurance Agreement."
- D. Form AD-1047, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transaction."

- E. Form RD 1910-11, "Applicant Certification Federal Collection Policies for Consumer or Commercial Debts."
- F. RD Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans."
- G. RUS Bulletin 1780-22, "Eligibility Certification."

22. Refinancing and Graduation Requirements:

The District is reminded that if at any time it shall appear to the Government that the District is able to refinance the amount of the RUS indebtedness then outstanding, in whole or in part, by obtaining a loan from commercial sources at reasonable rates and terms, upon the request of the Government, the District will apply for and accept such loan in sufficient amount to repay the Government.

23. Commercial Interim Financing:

The District will be required to use commercial interim financing for the project during construction for the RUS loan portion of the financing, if available at reasonable rates and terms.

Before the loan is closed, the District will be required to provide Rural Development with statements from the contractor, engineer and attorneys that they have been paid to date in accordance with their contract or other agreements and, in the case of the contractor, that he has paid his suppliers and sub-contractors.

24. Disbursement of Project Funds:

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

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

Agency funds will be disbursed into the construction account through an electronic transfer system. The borrower should complete Form SF-3881, "Electronic Funds Transfer Payment Enrollment Form," for each account where funds will be electronically received. The completed form(s) must be received by Rural Development at least thirty (30) days prior to the first advance of funds.

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

Borrowers receiving federal loan and/or grant funds by EFT will have funds directly deposited to a specified account at a financial institution with funds being available to the recipient on the date of payment.

Any applicant contribution will be the first funds expended, followed by other funding sources. Interim financing or Agency loan funds will be expended after all other funding sources unless an agreement is reached with all other funding sources on how funds are to be disbursed prior to start of construction or loan closing, whichever occurs first. Interim financing funds or Agency loan funds must be used prior to the use of Agency grant funds. The Grant funds must not be disbursed prior to loan funds except as specified in RUS Instruction 1780.45 (d). In the unlikely event the Agency mistakenly disburses funds, the funds will be remitted back to the Agency electronically.

During construction, the District shall disburse project funds in a manner consistent with subsection 1780.76 (e) of RUS Instruction 1780. Form RD 1924-18, "Partial Payment Estimate," or similar form approved by Rural Development, shall be used for the purpose of documenting periodic construction estimates, and shall be submitted to Rural Development for review and acceptance. Prior to disbursement of funds by the District, the District Council shall review and approve each payment estimate. All bills and vouchers must be approved by Rural Development prior to payment by the District. Form RD 440-11, "Estimate of Funds Needed for 30-Day Period Commencing _____," will be prepared by the District and submitted to Rural Development in order that a periodic advance of federal cash may be requested.

25. Project Budget:

Estimated expenditures are as follows:

Project Costs:

| | |
|--------------------------|-------------------|
| Development | \$1,936,075 |
| Land and Rights | 5,000 |
| Legal and Administrative | 20,000 |
| Engineering Fees | 253,000 |
| Interest | 30,000 |
| Environmental | 10,000 |
| Planning | 10,000 |
| Contingencies | <u>\$ 193,925</u> |
| TOTAL PROJECT COST | \$2,458,000 |

Project Funding:

| | |
|---------------|--------------------|
| RUS Loan | <u>\$2,458,000</u> |
| TOTAL FUNDING | \$2,458,000 |

Any changes in funding sources following obligation of Agency funds must be reported to the processing official. Project feasibility and funding will be reassessed if there is a significant change in project costs after bids are received. If actual project costs exceed the project cost estimates, an additional contribution by the Owner may be necessary. Prior to advertisement for construction bids, you must provide evidence of applicant contributions and approval of other funding sources.

This evidence should include a copy of the commitment letter. Agency funds will not be used to pre-finance funds committed to the project from other sources.

Obligated loan or grant funds not needed to complete the proposed project will be de-obligated prior to start of construction. Any reduction will be applied to grant funds first. An amended letter of conditions will be issued for any changes to the total project budget.

26. Construction Completion Timeframe:

All projects are required to be completed and all funds disbursed within five years of obligation. If funds are not disbursed within five years of obligation, you must submit a written waiver request with adequate justification of extenuating circumstances beyond your control for an extension of time. Any additional requests for waivers beyond the initial extension will be submitted through the State Office to the Assistant Administrator for concurrence decision.

27. Use of Remaining Project Funds:

The applicant contribution shall be considered as the first funds expended. After providing for all authorized costs, any remaining project funds will be considered to be RUS loan funds and refunded in proportion to participation in the project.

28. Proposed Operating Budget:

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

29. Rates and Charges:

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

Water rates will be at least:

5/8" x 3/4" Meter

| | | |
|----------|--------|--|
| First | 2,000 | gallons @ \$23.93 - Minimum Bill. |
| Next | 3,000 | gallons @ \$ 8.66 – per 1,000 gallons. |
| Next | 5,000 | gallons @ \$ 7.67 – per 1,000 gallons |
| All Over | 10,000 | gallons @ \$ 6.68 – per 1,000 gallons. |

1" Meter

| | | |
|----------|---------|--|
| First | 5,000 | gallons @ \$49.90 - Minimum Bill. |
| Next | 5,000 | gallons @ \$ 8.66 – per 1,000 gallons. |
| Next | 140,000 | gallons @ \$ 7.67 – per 1,000 gallons |
| All Over | 150,000 | gallons @ \$ 6.68 – per 1,000 gallons. |

4" Meter

| | | |
|----------|---------|--|
| First | 50,000 | gallons @ \$400.01 - Minimum Bill. |
| Next | 100,000 | gallons @ \$ 7.67 – per 1,000 gallons. |
| All Over | 150,000 | gallons @ \$ 6.68 – per 1,000 gallons. |

30. Water Purchase Contract:

The District will submit a Water Purchase Contract for approval by Rural Development before advertising for construction bids. If the contract is not on Form RD 442-30, "Water Purchase Contract," the contract will require approval by our Regional Attorney. The contract must meet the requirements of subsection 1780.62 of RUS Instruction 1780, which includes there must be 40 years left on the term of the water purchase contract. The contract term must match the term of the loan.

31. Vulnerability Assessment/Emergency Response Plan (VA/ERP):

The Agency requires all financed water and wastewater systems to have a VA/ERP in place. Borrowers with existing systems must provide a certification that a VA/ERP has been completed prior to advertising for bids. The documents are not submitted to the Agency for VA/ERP requirements throughout the life of the loan.

32. Floodplain Construction:

The District will be required to pass and adopt a Resolution or amend its By-Laws whereby the District will deny any water service to any future customer wishing to build on or develop property located within a designated floodplain.

If a customer or developer requests service for construction in a designated floodplain, the customer or developer must provide evidence and a justification for approval by the District and Rural Development officials that there are no other alternatives to construction or development within the designated floodplain. The community must be a participant in the National Flood Insurance Program (NFIP) and the customer or developer must obtain the required permits prior to the tap on restrictions being waived.

33. Mitigation Measures:

- A. The project shall be in compliance with all requirements noted in the Governor's Office for Local Development letter dated October 11, 2019, from Ms. Lee Nalley.
- B. The line design and construction shall be accomplished in a way that will leave flood plains and farmland without effect after construction is complete. The Army Corps of Engineers Nationwide Permit No. 12 applies to all floodplain and wetland utility line construction.

- C. Any excavation by Contractor that uncovers a historical or archaeological artifact shall be immediately reported to Owner and a representative of Agency. Construction shall be temporarily halted until RD can consult with the State Historical Preservation Officer and issue further directions.
- D. The design and construction shall be in compliance with all local, state and federal environmental statutes, regulations and executive orders applicable to the project.
- E. Best Management Practices shall be incorporated into the project design, construction, and maintenance.

34. System for Award Management:

You will be required to maintain a Dun and Bradstreet Data Universal Numbering System (DUNS) number and maintain an active registration in the System for Award Management (SAM) database. Renewal can be done on-line at: <http://sam.gov>.

This registration must be renewed and revalidated every twelve (12) months for as long as there are Agency funds to be expended.

To ensure the information is current, accurate and complete, and to prevent the SAM account expiration, the review and updates must be performed within 365 days of the activation date, commonly referred to as the expiration date. The registration process may take up to 10 business days. (See 2 CFR Part 25 and the "Help" section at <http://sam.gov>).

35. Prepayment and Extra Payments:

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of borrower, with no penalty.

Security instruments, including bonding documents, must contain the following language regarding extra payments, unless prohibited by State statute:

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the borrower. Refunds, extra payments and loan proceeds obtained from outside sources for the purpose of paying down the Agency debt, shall, after payment of interest, be applied to the installments last to become due under this note and shall not affect the obligation of borrower to pay the remaining installments as scheduled in your security instruments.

36. Security/Operational Inspections:

The Agency will inspect the facility and conduct a review of your operations and records management system and conflict of interest policy every three years for the life of the loan. You must participate in these inspections and provide the required information.

37. American Iron and Steel:

Section 746 of Title VII of the Consolidated Appropriations Act of 2017 (Division A - Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2017) applies a new American Iron and Steel requirement:

- (1) No Federal funds made available for this fiscal year for the rural water, waste water, waste disposal, and solid waste management programs authorized by the Consolidated Farm and Rural Development Act (7 U.S.C. 1926 et seq.) shall be used for a project for the construction, alteration, maintenance, or repair of a public water or wastewater system unless all of the iron and steel products used in the project are produced in the United States.
- (2) The term "iron and steel products" means the following products made primarily of iron or steel: lined or unlined pipes and fittings, manhole covers and other municipal castings, hydrants, tanks, flanges, pipe clamps and restraints, valves, structural steel, reinforced precast concrete, and construction materials.
- (3) The requirement shall not apply in any case or category of cases in which the Secretary of Agriculture (in this section referred to as the "Secretary") or the designee of the Secretary finds that— a. applying the requirement would be inconsistent with the public interest; b. iron and steel products are not produced in the United States in sufficient and reasonably available quantities or of a satisfactory quality; or c. inclusion of iron and steel products produced in the United States will increase the cost of the overall project by more than 25 percent.

38. Final Approval Conditions:

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

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

Sincerely,



HILDA GAY LEGG
State Director

Enclosures

cc: Field Specialist – Shelbyville, Kentucky
Field Director – Morehead, Kentucky
Bluegrass ADD – Lexington, Kentucky
HMB Engineers – Frankfort, Kentucky
Rubin & Hays– Louisville, Kentucky
James Boyd – Frankfort, Kentucky
PSC – ATTN: Talina Mathews – Frankfort, Kentucky

Attachment 9-2

GRANT ASSISTANCE AGREEMENT

This Grant Assistance Agreement (the "Agreement") is made and entered into by and between the Kentucky Infrastructure Authority (the "Authority"), a body corporate and politic, constituting a public corporation and governmental agency and instrumentality of the Commonwealth of Kentucky, and the Farmdale Water District (the "Grantee"), acting herein through its Authorized Official, each a party to this Agreement, which shall be effective upon the date of signing by the Executive Director of the Authority,

WITNESSETH:

WHEREAS, the General Assembly of the Commonwealth of Kentucky, being the duly and legally constituted legislature of Kentucky at its 1988 Regular Session, enacted House Bill 217 amending Chapter 224A of the Kentucky Revised Statutes (the "Act"), creating the "Kentucky Infrastructure Authority" to serve the public purposes identified in the Act; and

WHEREAS, the Authority, attached to the Governor's Office, is charged pursuant to Section 224A.300 of the Act with coordinating the funding and implementation of infrastructure projects and to this end maintains the Water Resource Information System (the "WRIS") a comprehensive database of community water and wastewater projects across Kentucky; and

WHEREAS, House Bill 1 of the 2022 Regular Session of the Kentucky General Assembly approved a \$250,000,000 allocation in Federal Funds for Fiscal Year 2023 from the American Rescue Plan Act of 2021/Coronavirus State Fiscal Recovery Fund to the Authority for the Drinking Water and Wastewater Grant Program, known as the Kentucky Cleaner Water Program (the "CWP"), a portion of which funds are the subject of this Agreement; and

WHEREAS, the Grantee now seeks to acquire and construct a project as described in the Grantee's Project Profile in the WRIS (the "Project") and the Authority has determined that the Project meets the guidelines of the Cleaner Water Program and the directives of the General Assembly; and

WHEREAS, the Grantee and the Authority desire to enter into this Agreement which sets forth their respective duties, rights, covenants, and obligations with respect to the acquisition and construction of the Project and the application of the proceeds of a grant from the Cleaner Water Program as administered by the Authority.

NOW THEREFORE, in consideration of the mutual covenants and conditions contained herein, the grant hereby effected, and for other good and valuable consideration, the receipt, mutuality and sufficiency of which is hereby acknowledged by the parties hereto, the Authority and the Grantee each agree as follows:

SECTION 1 – DEFINITIONS

All terms utilized herein shall have the same definitions and meaning as ascribed to them in the Act, which Act is hereby incorporated in this Agreement by reference, the same as if set forth herein verbatim; provided, however, that those definitions utilized in the Act having general application are hereby modified in certain instances to apply specifically to the Grantee and its Project.

Act shall mean Chapter 224A of the Kentucky Revised Statutes, as amended (the “KRS”).

Agreement shall mean this Grant Assistance Agreement made and entered into by and between the Grantee and the Authority, as authorized by the Act, providing for a Grant to be made to the Grantee or its approved agent, subject to approval by the Authority.

Area Water Management Council shall mean the entity designated as the regional planning body for the respective counties within an Area Development District in Kentucky, which shall prepare and maintain an **Area Water Management Plan**, listing and prioritizing Project Profiles for water and wastewater projects within that region.

Engineer(s) shall mean the professional engineer or firm of professional engineers properly procured in accord with KRS Chapter 45A and 2 CFR 200.317 through 2 CFR 200.327 (where applicable), as amended, by the Grantee in connection with the Project, as identified in the WRIS Cleaner Water Program Database.

Exhibit shall refer to a specific document, or to the completion of a process or procedure to be accomplished as a prerequisite to release of funds to the Grantee by the Authority.

Grant shall mean that portion of the Kentucky CWP funds made available to the Commonwealth by the American Recovery Program Act and allocated by the Kentucky General Assembly in its 2022 Regular Session, which shall be incrementally transferred under this Agreement from the Commonwealth to the Grantee through Grant Number 22CWW024 in the principal amount of \$113,084 for the purpose of defraying the costs incidental to the Project.

Grantee shall mean any unit of local government, or its designated agent, as approved by the Authority, or any special purpose governmental entity within the Commonwealth eligible for funds under the CWP in accordance with the Act, now having been or hereafter being granted the funds for the Project; and for the purposes of this Agreement shall mean the Grantee identified on the front page of this Agreement.

Project shall mean, when used generally, a water, wastewater or other infrastructure project authorized pursuant to the Act, and when used in specific reference to the Grantee’s Project funded by the Authority through the CWP, it shall refer to that

project as described in the Grantee's Project Profile in the WRIS, which has an 8 digit number following the designation WX or SX.

Project Administrator shall mean that individual designated in the Project Profile by that title, who has the capacity and responsibility of supervising the Project and coordinating the preparation of all related documentation on behalf of the Grantee with respect to the Project.

Project Budget shall mean a list of Project expenses and funding sources, in the form set forth in the current Project Profile as set forth in the WRIS.

Project Profile shall mean those specific details of the Project, presented by the Grantee to the respective Area Water Management Council for review and incorporation into the Area Water Management Plan and the WRIS.

System shall mean the utility system owned and operated by the Grantee or the agent of the Grantee, as approved by the Authority, to which the Project shall become a part, and any revenues generated by the Project, which are used to operate and maintain the utility system in the typical manner of a local public utility in Kentucky.

SECTION 2 - OBLIGATIONS OF THE AUTHORITY

The Authority covenants and agrees, conditioned upon the timely performance by the Grantee of its respective obligations, to undertake the following obligations:

- A. The Authority shall review and approve Project related documentation provided by the Grantee. Once the Project is under construction, the Authority shall review requests for payment submitted for payment of costs of the Project. Any deficiencies found in said requests will be reported immediately to the Grantee. If there are no deficiencies in said requests or deficiencies have been resolved satisfactorily by the Grantee, the Authority will approve the requests and disburse grant funds to the Grantee in an amount not to exceed, cumulatively, the approved grant amount for the Project.
- B. The Authority will communicate and cooperate with the Grantee to best assist the Grantee in meeting its obligations set out in this Agreement.

SECTION 3 - OBLIGATIONS OF THE GRANTEE

The Grantee covenants and agrees to undertake the following obligations:

- A. The Grantee shall complete and submit executed copies of all required Exhibits to the Authority, in accordance with the Conditional Commitment Letter instructions.

- B. The Grantee may consider utilizing the option for partial funding set out in Section 6, below. Over the course of the acquisition and construction of the Project, the Grantee shall provide such status reports as may be requested by the Authority, and once the Project is under construction submit periodic requests for payment to the Authority accompanied by copies of invoices for costs incurred in accordance with the Authority's standard draw-down request format.
- C. The Grantee shall perform and/or cause to be performed all necessary acts consistent with all federal and state labor and procurement laws in connection with the planning, design, acquisition and construction of the Project, including: the proper procurement of land, easements and rights of way; professional services, including but not limited to architectural and engineering services; construction contractor(s) services; and the acquisition of necessary equipment and/or materials.
- D. The Grantee shall obtain and keep on file all required permits, licenses and approvals from the appropriate federal, state, and/or local governmental agencies prior to starting construction of the Project.
- E. The Grantee shall comply with all applicable federal and state statutes, executive orders, regulatory requirements, and policies relating to the planning and construction of the Project.
- F. The Grantee shall cooperate fully with the Authority and provide any documentation requested by the Authority in order to facilitate completing the obligations set out in this Agreement.
- G. The Grantee will proceed expeditiously to complete the Project in accordance with the approved final engineering plans and specifications or amendments thereto, prepared by the Project Engineer for the Grantee, if required and as approved by the Authority and other state and federal agencies, as appropriate.
- H. The Grantee agrees that throughout the reasonable life of the infrastructure facilities developed under the Project it will retain ownership of, operate, and maintain these facilities, and all appurtenances thereto, keeping them in good and sound repair and good operating condition at its own expense so that the completed Project will continue to provide the services for which it was designed. Change of ownership or disposal of the Project facilities during their useful life may occur only with written approval of the Authority.
- I. If the Grantee is a local unit of government, city or county, and determines that it is in the best interest of its citizens, it may enter into a memorandum of agreement with a Kentucky corporation to serve as its agent for the implementation and long-term operation and management of the Project, subject to the Agreement. The form and content of such a memorandum of agreement is subject to the prior approval of the Authority.

- J. General Compliance with all Duties. The Grantee shall faithfully and punctually perform all duties with reference to the System required by the American Rescue Plan Act of 2021, and by the terms and provisions of the Act, and this Assistance Agreement.
- K. Further Covenants under the American Rescue Plan Act of 2021. The Grantee shall comply with all further requirements or conditions which may arise from time to time in order to assure compliance with the American Rescue Plan Act of 2021, including but not limited to the following:
1. Records Retention. The Grantee shall provide to the Authority access to all records related to the Project for review in determining compliance with this Agreement and all applicable laws and regulations, including the American Rescue Plan Act of 2021/Coronavirus State Fiscal Recovery Fund. The Grantee shall retain all records, including all invoices, relating to the Project for five (5) years after full execution of the Certificate of Completion.
 2. Single Audit Requirements. Grantees that expend more than \$750,000 in Federal awards during their fiscal year will be subject to an audit under the Single Audit Act and its implementing regulation at 2 CFR Part 200, Subpart F regarding audit requirements. Grantees may also refer to the Office of Management and Budget (OMB) Compliance Supplements for audits of federal funds and related guidance and the Federal Audit Clearinghouse to see examples and single audit submissions.
 3. Civil Rights Compliance. The Grantee is required to meet legal requirements relating to nondiscrimination and nondiscriminatory use of Federal funds. Those requirements include ensuring that entities receiving Federal financial assistance from the U.S. Department of the Treasury do not deny benefits or services, or otherwise discriminate on the basis of race, color, national origin (including limited English proficiency), disability, age, or sex (including sexual orientation and gender identity), in accordance with the following authorities: Title VI of the Civil Rights Act of 1964 (Title VI) Public Law 88-352, 42 U.S.C. 2000d-1 et seq., and the Department's implementing regulations, 31 CFR part 22; Section 504 of the Rehabilitation Act of 1973 (Section 504), Public Law 93-112, as amended by Public Law 93-516, 29 U.S.C. 794; Title IX of the Education Amendments of 1972 (Title IX), 20 U.S.C. 1681 et seq., and the Department's implementing regulations, 31 CFR part 28; Age Discrimination Act of 1975, Public Law 94-135, 42 U.S.C. 6101 et seq., and the Department implementing regulations at 31 CFR part 23.
- L. General. The Grantee shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Grantee under the provisions of the American Rescue Plan Act of 2021 and this Assistance Agreement in accordance with the terms of such provisions.

SECTION 4 - MUTUALITY OF OBLIGATIONS

- A. The parties agree that the funds granted by the Commonwealth to the Grantee are to be used solely for the purposes of the acquisition and construction of the Project. Further, the parties agree that the obligations imposed upon them are for their respective benefit and the timely fulfillment of the obligations set herein are necessary for the Project.
- B. Except as may otherwise be provided herein, the parties to this Agreement shall be solely responsible for any incidental costs incurred in fulfilling their respective obligations under this Agreement and neither party shall have any claim against the other party for reimbursement of incidental costs whether or not a party is in default.

SECTION 5 - TERMS OF AGREEMENT

- A. This Agreement shall be valid only after both parties have duly signed and provided the executed document to the other.
- B. This Agreement may be terminated by either party at any time for cause and may be terminated by either party without cause upon 30 days written notice to the other party. Termination of this Agreement shall not diminish or in any other manner affect any other remedy that may be available to the parties for any breach of the Agreement that occurs prior to the termination.
- C. If, after execution of this Agreement, additional financial assistance is found to be required for the acquisition and construction of the Project and the required additional assistance does or does not become available to the Grantee from any source, the Project may be modified so long as any change in scope and budget is mutually agreed to by the parties to this Agreement, and clearly documented in a revision of the Project Budget within the Project Profile.

SECTION 6 - ADVANCE FUNDING FOR PROJECT PLANNING AND DESIGN

- A. The Grantee may request, in writing, that a portion of the grant funds be disbursed prior to Project bidding to pay up to 50% of the budgeted engineering fee for Project planning and design to the Project Engineer to expedite submission of the Project plans and specifications for review by the Kentucky Division of Water. The balance of the budgeted engineering fee for project planning and design may be paid only after approval of the plans by the Kentucky Division of Water.
- B. It is specifically understood and agreed by the Grantee in the event that the Project has not been advertised for bids within twenty-four (24) months from the date of

signing of this Agreement, for whatever reason, any funds disbursed for Project planning and design are subject to full and immediate repayment by the Grantee to the Authority.

- C. No funds shall be released under this Section until the requirements of Exhibits 1 through 7 of this Agreement have been completed.

SECTION 7. - EVENTS OF DEFAULT AND REMEDIES.

Section 7.1. Events of Default Defined.

The following will be "Events of Default" under this Agreement and the term "Event of Default" or "Default" will mean, whenever it is used in this Agreement, any one or more of the following events:

- A. Any unauthorized or improper expenditure of funds by the Grantee, or expenditure of funds by the Grantee other than in accordance with the terms of this Agreement.
- B. Failure by the Grantee to observe or perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in subsection (A) of this Section, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied will have been given to the Grantee by the Authority unless the Authority agrees in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Authority will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Grantee within the applicable period and diligently pursued until such failure is corrected.
- C. The dissolution or liquidation of the Grantee, or the voluntary initiation by the Grantee of any proceeding under any federal or Kentucky law relating to bankruptcy, insolvency, arrangement, reorganization, readjustment of debt or any other form of debtor relief, or the initiation against the Grantee of any such proceeding which remain undismissed for sixty (60) days, or the entry by the Grantee into an agreement of composition with creditors or the failure generally by the Grantee to pay its debts as they become due.
- D. A default by the Grantee under the provisions of any agreements relating to its debt obligations.

Section 7.2. Remedies on Default.

Whenever any Event of Default referred to in Section 7.1 has occurred and is continuing, the Authority may, without any further demand or notice, take one or any combination of the following remedial steps:

- A. Declare this Agreement void from the beginning without further obligation to the Grantee and may commence appropriate legal action to enforce its rights under this Agreement including action for recovery of funds expended hereunder.
- B. Terminate any remaining grant payments to the Grantee.
- C. Exercise all the rights and remedies of the Authority set forth in the Act.
- D. Take whatever action at law or in equity may appear necessary or desirable to enforce its rights under this Agreement.
- E. Submit a formal referral to the appropriate federal agency.

Section 7.3. No Remedy Exclusive.

No remedy herein conferred upon or reserved to the Authority is intended to be exclusive, and every such remedy will be cumulative and will be in addition to every other remedy given hereunder and every remedy now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default will impair any such right or power and any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 7.4. Consent to Powers of Authority Under Act.

The Grantee hereby acknowledges to the Authority its understanding of the provisions of the Act, vesting in the Authority certain powers, rights and privileges in respect of the Project upon the occurrence of an Event of Default, and the Grantee hereby covenants and agrees that if the Authority should in the future have recourse to said rights and powers, the Grantee shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Agreement.

Section 7.5. Waivers.

In the event that any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver will be limited to the particular breach so waived and will not be deemed to waive any other breach hereunder.

Section 7.6. Agreement to Pay Attorneys' Fees and Expenses.

In the event that either party hereto defaults under any of the provisions hereof and the non-defaulting party employs attorneys or incurs other expenses for the enforcement of

performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will pay on demand therefor to the non-defaulting party the fees of such attorneys and such other expenses so incurred by the non-defaulting party.

SECTION 8 - MISCELLANEOUS PROVISIONS

- A. The Grantee may sign this Agreement electronically via a program subject to the approval by the Authority, or manually on a paper copy that is scanned to the portable document format (.pdf) and emailed to the Authority. Transmittal of all other correspondence or documentation, including the required Exhibits identified in the Attachment shall be scanned and attached as a file to email. The Authority and the Grantee, working through the Project Administrator, shall assist each other in securing and maintaining a complete, current Project document file for reference, records, and audit purposes.
- B. The headings set forth in this Agreement are for convenience and the terms contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Agreement.
- C. The terms and conditions of this Agreement shall be binding upon and shall inure to the benefit of the successor and assigns, respectively, of the parties. Except for the limited use of a memorandum of agreement (as provided in Section 3 herein), this provision shall not be construed to permit an assignment by any party of any of its rights and duties under this Agreement which assignment shall be prohibited except with the prior written consent of the parties hereto.
- D. This Agreement sets forth the entire understanding of the parties with respect to the subject matter hereof and may be modified only by a written instrument duly executed by each of the parties hereto.
- E. Timely and accurate performance of all actions by the respective parties are mutually recognized by the parties of this Agreement to be of importance to the citizens of the Commonwealth generally, and particularly to those citizens directly affected by the Project.
- F. This Agreement will be governed by and construed in accordance with the laws of the Commonwealth of Kentucky.
- G. The Authority may audit or review all documentation and records of the Grantee relating to this Project pursuant to the provisions of Section 45A.150 of the KRS or any other applicable federal or state law.
- H. The Grantee agrees that the Authority, the Finance and Administration Cabinet, the Auditor of Public Accounts, and the Legislative Research Commission, or their duly authorized representatives, shall have access to any books, documents, papers, records, or other documentation or evidence, which are directly pertinent to this Agreement for the purpose of financial audit or program review.

Furthermore, any books, documents, papers records, or other evidence provided to the Commonwealth, the Finance and Administration Cabinet, the Auditor of Public Accounts, or the Legislative Research Commission, which are directly pertinent to this Agreement, shall be subject to public disclosure regardless of the proprietary nature of the information, unless specific information is identified and exempted and agreed to by the Secretary of the Finance and Administration Cabinet as meeting the provisions of KRS 61.878(1)(c) prior to the execution of this Agreement. The Secretary of the Finance and Administration Cabinet shall not restrict the public release of any information which would otherwise be subject to public release if a state government agency was providing the services.

- I. During the performance of this contract, the Grantee agrees to the following Appendix II to 2 CFR Part 200 contract provisions, as amended:

Equal Employment Opportunity

1. The Grantee will not discriminate against any employee or applicant for employment because of race, color, religion, sex, sexual orientation, gender identity, or national origin. The Grantee will take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, color, religion, sex, sexual orientation, gender identity, or national origin. Such action shall include, but not be limited to the following:
 - a. Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this nondiscrimination clause.
 - b. The Grantee will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, sexual orientation, gender identity, or national origin.
 - c. The Grantee will not discharge or in any other manner discriminate against any employee or applicant for employment because such employee or applicant has inquired about, discussed, or disclosed the compensation of the employee or applicant or another employee or applicant. This provision shall not apply to instances in which an employee who has access to the compensation information of other employees or applicants as a part of such employee's essential job functions discloses the compensation of such other employees or applicants to individuals who do not otherwise have access to such information, unless such disclosure is in response to a formal complaint or charge, in furtherance of an investigation, proceeding, hearing, or action, including an investigation conducted by the employer, or is consistent with the contractor's legal duty to furnish information.

- d. The Grantee will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding a notice to be provided advising the said labor union or workers' representatives of the contractor's commitments under this section and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- e. The Grantee will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.
- f. The Grantee will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.
- g. In the event of the Grantee's noncompliance with the nondiscrimination clauses of this contract or with any of the said rules, regulations, or orders, this contract may be canceled, terminated, or suspended in whole or in part, and the contractor may be declared ineligible for further government contracts or federally assisted construction contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.
- h. The Grantee will include the portion of the sentence immediately preceding paragraph (1) and the provisions of paragraphs (1) through (8) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance: Provided, however, that in the event a Grantee becomes involved in or is threatened with litigation with a subcontractor or vendor as a result of such direction by the administering agency, the contractor may request the United States to enter into such litigation to protect the interests of the United States.

Contract Work Hours and Safety Standards Act

All contracts that are in excess of \$100,000 and involve the employment of mechanics or laborers must include provisions requiring compliance with the Contract Work Hours and Safety Standards Act as follows:

1. Overtime requirements: No contractor or subcontractor contracting for any part of the Agreement work which may require or involve the employment of laborers or mechanics shall require or permit any such laborer or mechanic in any workweek in which he or she is employed on such work to work in excess of forty hours in such a workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of forty hours in such a workweek.
2. Violation: liability for unpaid wages; liquidated damages. In the event of any violation of the clause set forth in paragraph (1) of this section, the contractor and any subcontractor responsible therefor shall be liable for the unpaid wages. In addition, such contractor and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory) for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic, including watchmen and guards, employed in violation of the clause set forth in paragraph (1) of this section, in the sum of \$10 for each calendar day on which such individual was required or permitted to work in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in paragraph (1) of this section.
3. Withholding for unpaid wages and liquidated damages. The Grantee shall upon its own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld, from any moneys payable on account of work performed by the contractor or subcontractor under any such contract or any other federal contract with the same prime contractor, or any other federally-assisted contract subject to the Contract Work Hours and Safety Standards Act, which is held by the same prime contractor, such sums as may be determined to be necessary to satisfy any liabilities of such contractor or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in paragraph (2) of this section.
4. Subcontracts. The contractor or subcontractor shall insert in any subcontracts the clauses set forth in paragraph (1) through (4) of this section and also a clause requiring the subcontractors to include these clauses in any lower-tier subcontracts. The prime contractor shall be responsible for compliance by any subcontractor or lower-tier subcontractor with the clauses set forth in paragraphs (1) through (4) of this section.

Clean Air Act

1. The Grantee agrees to comply with all applicable standards, orders, or regulations issued pursuant to the Clean Air Act, as amended, 42 U.S.C. § 7401 et seq.
2. The Grantee agrees to report each violation to the Authority and understands and agrees that the Authority will, in turn, report each violation as required to assure notification to the Treasury Department and the appropriate Environmental Protection Agency Regional Office.

3. The Grantee agrees to include these requirements in each subcontract exceeding \$100,000 financed in whole or in part with American Rescue Plan Act funding.

Federal Water Pollution Control Act

1. The Grantee agrees to comply with all applicable standards, orders, or regulations issued pursuant to the Federal Water Pollution Control Act, as amended, 33 U.S.C. 1251 et seq.
2. The Grantee agrees to report each violation to the Authority and understands and agrees that the Authority will, in turn, report each violation as required to assure notification to the Treasury Department and the appropriate Environmental Protection Agency Regional Office.
3. The Grantee agrees to include these requirements in each subcontract exceeding \$100,000 financed in whole or in part with American Rescue Plan Act funds.

Debarment and Suspension

Contracts shall not be awarded to parties listed on the governmentwide exclusions in the System for Award Management (SAM) listed at www.sam.gov.

Byrd Anti-Lobbying Amendment

Contractors who apply or bid for an award of \$100,000 or more shall file the required certification. Each tier certifies to the tier above that it will not and has not used federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any federal contract, grant, or any other award covered by 31 U.S.C. § 1352. Each tier shall also disclose any lobbying with non-federal funds that takes place in connection with obtaining any federal award. Such disclosures are forwarded from tier to tier, up to the recipient.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective duly authorized officials as of the day and year above written.

**KENTUCKY INFRASTRUCTURE
AUTHORITY**

By: _____
Sandy Williams, Executive Director

Date: _____

FARMDALE WATER DISTRICT

By: Scottie Woodridge
Authorized Official

Print Name: Scottie Woodridge

**THIS AGREEMENT HAS BEEN EXAMINED
BY:**

By: _____
**LEGAL COUNSEL TO THE KENTUCKY
INFRASTRUCTURE AUTHORITY**

CWP GRANT CONDITIONS – COMPLIANCE FORMS & EXHIBITS

Note A: Exhibits 1 through 3 must be completed, scanned, and emailed to the Authority on or before the date the Grantee signs the Conditional Commitment Letter. The Conditional Commitment Letter may be signed electronically or manually, then scanned and emailed to the Authority.

- Exhibit 1 Notification to the Authority of completed Review / Update of Project Profile
- Exhibit 2 Confirmation of Grantee Vendor Number – via KY Finance Cabinet Application
- Exhibit 3 Copy of the Transparency Act Reporting Information Form

Note B: Upon receipt of the signed Conditional Commitment Letter and the Authority's verification of Exhibits 1-3, the Authority will forward to the Grantee the Grant Assistance Agreement. The Grantee should proceed to complete Exhibits 4 through 7, scan and send each Exhibit to the Authority by email; and then the Authorized Official may sign the Assistance Agreement, either electronically or by scanning and send attached to email.

- Exhibit 4 A) Grantee Resolution (Accepting Grant, Approving Agreement, Amending Budget, Designating an Authorized Official)
B) Certificate of Recording Officer
- Exhibit 5 Opinion of Legal Counsel Relating to the Grantee Resolution
- Exhibit 6 A) Copy of the Engineering Services Contract; and
B) Grantee & Engineer Fee Confirmation

Note C: The Grantee may request 50% of the engineering design fee (as budgeted in the Project Profile) at this point and may request the balance of the engineering design fee once Exhibit 8 has been sent to the Authority.

- Exhibit 7 Copy of the Kentucky eClearinghouse Endorsement Letter with Comments.
- Exhibit 8 Copy of the DOW Approval Letter of Project Engineering Plans & Specifications.
- Exhibit 9 Copy of the bid package signed by (A) Engineer, (B1) Authorized Official, and (B2) Title Attorney, as appropriate.
- Exhibit 10 Certification Regarding Utility Accounting, Cost-Based Rates and Auditing.
- Exhibit 11 Certificate of Project Completion.

FARMDALE WATER DISTRICT

CASE NO. 2022-00347

Response to Commission Staff's Post-Hearing Request for Information

Question No. 10

Responding Witness: Chris Ralph

Q-10. Provide water-loss reports for 2023.

A-10. See **Attachment 10** for all 2023 Water-Loss Reports.

Attachment 10

PUBLIC SERVICE COMMISSION

Monthly Water Loss Report

Water Utility:

For the Month of: Year:

| LINE # | ITEM | GALLONS (Omit 000's) |
|--------|---|----------------------|
| 1 | WATER PRODUCED AND PURCHASED | |
| 2 | Water Produced | - |
| 3 | Water Purchased | 266,653,660 |
| 4 | TOTAL PRODUCED AND PURCHASED | 266,653,660 |
| 5 | | |
| 6 | WATER SALES | |
| 7 | Residential | 118,629,100 |
| 8 | Commercial | 33,887,800 |
| 9 | Industrial | 500 |
| 10 | Bulk Loading Stations | - |
| 11 | Wholesale | - |
| 12 | Public Authorities | - |
| 13 | Other Sales (explain) | - |
| 14 | TOTAL WATER SALES | 152,517,400 |
| 15 | | |
| 16 | OTHER WATER USED | |
| 17 | Utility and/or Water Treatment Plant | - |
| 18 | Wastewater Plant | - |
| 19 | System Flushing | 267,000 |
| 20 | Fire Department | 106,950 |
| 21 | Other Usage (explain) | 315,100 |
| 22 | TOTAL OTHER WATER USED | 689,050 |
| 23 | | |
| 24 | WATER LOSS | |
| 25 | Tank Overflows | - |
| 26 | Line Breaks | 10,735,100 |
| 27 | Line Leaks | 43,176,050 |
| 28 | Excavation Damages | - |
| 29 | Theft | - |
| 30 | Other Loss | 59,536,060 |
| 31 | TOTAL WATER LOSS | 113,447,210 |
| 32 | | |
| 33 | Note: Line 14 + Line 22 + Line 31 MUST Equal Line 4 | |
| 34 | | |
| 35 | WATER LOSS PERCENTAGE | |
| 36 | (Line 31 divided by Line 4) | 42.54% |

PUBLIC SERVICE COMMISSION

Monthly Water Loss Report

Water Utility: Farmdale Water District

For the Month of: January Year: 2023

| LINE # | ITEM | GALLONS (Omit 000's) |
|--------|---|----------------------|
| 1 | WATER PRODUCED AND PURCHASED | |
| 2 | Water Produced | |
| 3 | Water Purchased | 23,653,700 |
| 4 | TOTAL PRODUCED AND PURCHASED | 23,653,700 |
| 5 | | |
| 6 | WATER SALES | |
| 7 | Residential | 10,343,700 |
| 8 | Commercial | 4,864,100 |
| 9 | Industrial | |
| 10 | Bulk Loading Stations | |
| 11 | Wholesale | |
| 12 | Public Authorities | |
| 13 | Other Sales (explain) | |
| 14 | TOTAL WATER SALES | 15,207,800 |
| 15 | | |
| 16 | OTHER WATER USED | |
| 17 | Utility and/or Water Treatment Plant | |
| 18 | Wastewater Plant | |
| 19 | System Flushing | 3,000 |
| 20 | Fire Department | 1,000 |
| 21 | Other Usage (explain) | |
| 22 | TOTAL OTHER WATER USED | 4,000 |
| 23 | | |
| 24 | WATER LOSS | |
| 25 | Tank Overflows | |
| 26 | Line Breaks | |
| 27 | Line Leaks | 8,441,900 |
| 28 | Excavation Damages | |
| 29 | Theft | |
| 30 | Other Loss (explain) | |
| 31 | TOTAL WATER LOSS | 8,441,900 |
| 32 | | |
| 33 | Note: Line 14 + Line 22 + Line 31 MUST Equal Line 4 | |
| 34 | | |
| 35 | WATER LOSS PERCENTAGE | |
| 36 | (Line 31 divided by Line 4) | 35.69% |

PUBLIC SERVICE COMMISSION

Monthly Water Loss Report

Water Utility:

For the Month of: Year:

| LINE # | ITEM | GALLONS (Omit 000's) |
|--------|---|----------------------|
| 1 | WATER PRODUCED AND PURCHASED | |
| 2 | Water Produced | |
| 3 | Water Purchased | 22,582,400 |
| 4 | TOTAL PRODUCED AND PURCHASED | 22,582,400 |
| 5 | | |
| 6 | WATER SALES | |
| 7 | Residential | 8,763,800 |
| 8 | Commercial | 3,558,800 |
| 9 | Industrial | |
| 10 | Bulk Loading Stations | |
| 11 | Wholesale | |
| 12 | Public Authorities | |
| 13 | Other Sales (explain) | |
| 14 | TOTAL WATER SALES | 12,322,600 |
| 15 | | |
| 16 | OTHER WATER USED | |
| 17 | Utility and/or Water Treatment Plant | |
| 18 | Wastewater Plant | |
| 19 | System Flushing | 12,000 |
| 20 | Fire Department | 2,600 |
| 21 | Other Usage (explain) | |
| 22 | TOTAL OTHER WATER USED | 14,600 |
| 23 | | |
| 24 | WATER LOSS | |
| 25 | Tank Overflows | |
| 26 | Line Breaks | 2,000,000 |
| 27 | Line Leaks | 8,245,200 |
| 28 | Excavation Damages | |
| 29 | Theft | |
| 30 | Other Loss (explain) | |
| 31 | TOTAL WATER LOSS | 10,245,200 |
| 32 | | |
| 33 | Note: Line 14 + Line 22 + Line 31 MUST Equal Line 4 | |
| 34 | | |
| 35 | WATER LOSS PERCENTAGE | |
| 36 | (Line 31 divided by Line 4) | 45.37% |

PUBLIC SERVICE COMMISSION

Monthly Water Loss Report

Water Utility:

For the Month of: Year:

| LINE # | ITEM | GALLONS (Omit 000's) |
|--------|---|----------------------|
| 1 | WATER PRODUCED AND PURCHASED | |
| 2 | Water Produced | |
| 3 | Water Purchased | 19,698,300 |
| 4 | TOTAL PRODUCED AND PURCHASED | 19,698,300 |
| 5 | | |
| 6 | WATER SALES | |
| 7 | Residential | 8,007,800 |
| 8 | Commercial | 2,544,600 |
| 9 | Industrial | |
| 10 | Bulk Loading Stations | |
| 11 | Wholesale | |
| 12 | Public Authorities | |
| 13 | Other Sales (explain) | |
| 14 | TOTAL WATER SALES | 10,552,400 |
| 15 | | |
| 16 | OTHER WATER USED | |
| 17 | Utility and/or Water Treatment Plant | |
| 18 | Wastewater Plant | |
| 19 | System Flushing | 15,750 |
| 20 | Fire Department | 4,500 |
| 21 | Other Usage (explain) | |
| 22 | TOTAL OTHER WATER USED | 20,250 |
| 23 | | |
| 24 | WATER LOSS | |
| 25 | Tank Overflows | |
| 26 | Line Breaks | 1,209,600 |
| 27 | Line Leaks | 7,916,050 |
| 28 | Excavation Damages | |
| 29 | Theft | |
| 30 | Other Loss (explain) | |
| 31 | TOTAL WATER LOSS | 9,125,650 |
| 32 | | |
| 33 | Note: Line 14 + Line 22 + Line 31 MUST Equal Line 4 | |
| 34 | | |
| 35 | WATER LOSS PERCENTAGE | |
| 36 | (Line 31 divided by Line 4) | 46.33% |

PUBLIC SERVICE COMMISSION

Monthly Water Loss Report

Water Utility:

For the Month of: Year:

| LINE # | ITEM | GALLONS (Omit 000's) |
|--------|---|----------------------|
| 1 | WATER PRODUCED AND PURCHASED | |
| 2 | Water Produced | |
| 3 | Water Purchased | 21,404,500 |
| 4 | TOTAL PRODUCED AND PURCHASED | 21,404,500 |
| 5 | | |
| 6 | WATER SALES | |
| 7 | Residential | 8,278,500 |
| 8 | Commercial | 2,587,200 |
| 9 | Industrial | |
| 10 | Bulk Loading Stations | |
| 11 | Wholesale | |
| 12 | Public Authorities | |
| 13 | Other Sales (explain) | |
| 14 | TOTAL WATER SALES | 10,865,700 |
| 15 | | |
| 16 | OTHER WATER USED | |
| 17 | Utility and/or Water Treatment Plant | |
| 18 | Wastewater Plant | |
| 19 | System Flushing | 28,600 |
| 20 | Fire Department | 4,500 |
| 21 | Other Usage (explain) Company on 151 at BFI filled up tank | 15,900 |
| 22 | TOTAL OTHER WATER USED | 49,000 |
| 23 | | |
| 24 | WATER LOSS | |
| 25 | Tank Overflows | |
| 26 | Line Breaks | 1,200,000 |
| 27 | Line Leaks | 9,289,800 |
| 28 | Excavation Damages | |
| 29 | Theft | |
| 30 | Other Loss (explain) | |
| 31 | TOTAL WATER LOSS | 10,489,800 |
| 32 | | |
| 33 | Note: Line 14 + Line 22 + Line 31 MUST Equal Line 4 | |
| 34 | | |
| 35 | WATER LOSS PERCENTAGE | |
| 36 | (Line 31 divided by Line 4) | 49.01% |

PUBLIC SERVICE COMMISSION

Monthly Water Loss Report

Water Utility:

For the Month of: Year:

| LINE # | ITEM | GALLONS (Omit 000's) |
|--------|---|----------------------|
| 1 | WATER PRODUCED AND PURCHASED | |
| 2 | Water Produced | |
| 3 | Water Purchased | 22,728,400 |
| 4 | TOTAL PRODUCED AND PURCHASED | 22,728,400 |
| 5 | | |
| 6 | WATER SALES | |
| 7 | Residential | 11,217,100 |
| 8 | Commercial | 2,203,700 |
| 9 | Industrial | |
| 10 | Bulk Loading Stations | |
| 11 | Wholesale | |
| 12 | Public Authorities | |
| 13 | Other Sales (explain) | |
| 14 | TOTAL WATER SALES | 13,420,800 |
| 15 | | |
| 16 | OTHER WATER USED | |
| 17 | Utility and/or Water Treatment Plant | |
| 18 | Wastewater Plant | |
| 19 | System Flushing | 13,150 |
| 20 | Fire Department | 850 |
| 21 | Other Usage (explain) DBP Flushing | 58,500 |
| 22 | TOTAL OTHER WATER USED | 72,500 |
| 23 | | |
| 24 | WATER LOSS | |
| 25 | Tank Overflows | |
| 26 | Line Breaks | |
| 27 | Line Leaks | 9,235,100 |
| 28 | Excavation Damages | |
| 29 | Theft | |
| 30 | Other Loss (explain) | |
| 31 | TOTAL WATER LOSS | 9,235,100 |
| 32 | | |
| 33 | Note: Line 14 + Line 22 + Line 31 MUST Equal Line 4 | |
| 34 | | |
| 35 | WATER LOSS PERCENTAGE | |
| 36 | (Line 31 divided by Line 4) | 40.63% |

PUBLIC SERVICE COMMISSION

Monthly Water Loss Report

Water Utility:

For the Month of: Year:

| LINE # | ITEM | GALLONS (Omit 000's) |
|--------|---|----------------------|
| 1 | WATER PRODUCED AND PURCHASED | |
| 2 | Water Produced | |
| 3 | Water Purchased | 26,324,100 |
| 4 | TOTAL PRODUCED AND PURCHASED | 26,324,100 |
| 5 | | |
| 6 | WATER SALES | |
| 7 | Residential | 12,257,200 |
| 8 | Commercial | 3,050,000 |
| 9 | Industrial | |
| 10 | Bulk Loading Stations | |
| 11 | Wholesale | |
| 12 | Public Authorities | |
| 13 | Other Sales (explain) | |
| 14 | TOTAL WATER SALES | 15,307,200 |
| 15 | | |
| 16 | OTHER WATER USED | |
| 17 | Utility and/or Water Treatment Plant | |
| 18 | Wastewater Plant | |
| 19 | System Flushing | 13,000 |
| 20 | Fire Department | 3,000 |
| 21 | Other Usage (explain) DBP Flushing | 58,500 |
| 22 | TOTAL OTHER WATER USED | 74,500 |
| 23 | | |
| 24 | WATER LOSS | |
| 25 | Tank Overflows | |
| 26 | Line Breaks | |
| 27 | Line Leaks | |
| 28 | Excavation Damages | |
| 29 | Theft | |
| 30 | Other Loss (explain) | 10,942,400 |
| 31 | TOTAL WATER LOSS | 10,942,400 |
| 32 | | |
| 33 | Note: Line 14 + Line 22 + Line 31 MUST Equal Line 4 | |
| 34 | | |
| 35 | WATER LOSS PERCENTAGE | |
| 36 | (Line 31 divided by Line 4) | 41.57% |

PUBLIC SERVICE COMMISSION

Monthly Water Loss Report

Water Utility:

For the Month of: Year:

| LINE # | ITEM | GALLONS (Omit 000's) |
|--------|---|----------------------|
| 1 | WATER PRODUCED AND PURCHASED | |
| 2 | Water Produced | |
| 3 | Water Purchased | 16,386,300 |
| 4 | TOTAL PRODUCED AND PURCHASED | 16,386,300 |
| 5 | | |
| 6 | WATER SALES | |
| 7 | Residential | 9,833,800 |
| 8 | Commercial | 2,401,600 |
| 9 | Industrial | 500 |
| 10 | Bulk Loading Stations | |
| 11 | Wholesale | |
| 12 | Public Authorities | |
| 13 | Other Sales (explain) | |
| 14 | TOTAL WATER SALES | 12,235,900 |
| 15 | | |
| 16 | OTHER WATER USED | |
| 17 | Utility and/or Water Treatment Plant | |
| 18 | Wastewater Plant | |
| 19 | System Flushing | 58,500 |
| 20 | Fire Department | 9,400 |
| 21 | Other Usage (explain) DBP Flushing | 6700 |
| 22 | TOTAL OTHER WATER USED | 74,600 |
| 23 | | |
| 24 | WATER LOSS | |
| 25 | Tank Overflows | |
| 26 | Line Breaks | |
| 27 | Line Leaks | |
| 28 | Excavation Damages | |
| 29 | Theft | |
| 30 | Other Loss (explain) Unknown Loss | 4,075,800 |
| 31 | TOTAL WATER LOSS | 4,075,800 |
| 32 | | |
| 33 | Note: Line 14 + Line 22 + Line 31 MUST Equal Line 4 | |
| 34 | | |
| 35 | WATER LOSS PERCENTAGE | |
| 36 | (Line 31 divided by Line 4) | 24.87% |

PUBLIC SERVICE COMMISSION

Monthly Water Loss Report

Water Utility:

For the Month of: Year:

| LINE # | ITEM | GALLONS (Omit 000's) |
|--------|---|----------------------|
| 1 | WATER PRODUCED AND PURCHASED | |
| 2 | Water Produced | |
| 3 | Water Purchased | 24,644,900 |
| 4 | TOTAL PRODUCED AND PURCHASED | 24,644,900 |
| 5 | | |
| 6 | WATER SALES | |
| 7 | Residential | 11,480,500 |
| 8 | Commercial | 3,043,300 |
| 9 | Industrial | |
| 10 | Bulk Loading Stations | |
| 11 | Wholesale | |
| 12 | Public Authorities | |
| 13 | Other Sales (explain) | |
| 14 | TOTAL WATER SALES | 14,523,800 |
| 15 | | |
| 16 | OTHER WATER USED | |
| 17 | Utility and/or Water Treatment Plant | |
| 18 | Wastewater Plant | |
| 19 | System Flushing | |
| 20 | Fire Department | 8,000 |
| 21 | Other Usage (explain) DBP Flushing | 58,500 |
| 22 | TOTAL OTHER WATER USED | 66,500 |
| 23 | | |
| 24 | WATER LOSS | |
| 25 | Tank Overflows | |
| 26 | Line Breaks | |
| 27 | Line Leaks | |
| 28 | Excavation Damages | |
| 29 | Theft | |
| 30 | Other Loss (explain) Unknown Loss | 10,054,600 |
| 31 | TOTAL WATER LOSS | 10,054,600 |
| 32 | | |
| 33 | Note: Line 14 + Line 22 + Line 31 MUST Equal Line 4 | |
| 34 | | |
| 35 | WATER LOSS PERCENTAGE | |
| 36 | (Line 31 divided by Line 4) | 40.80% |

PUBLIC SERVICE COMMISSION

Monthly Water Loss Report

Water Utility:

For the Month of: Year:

| LINE # | ITEM | GALLONS (Omit 000's) |
|--------|---|----------------------|
| 1 | WATER PRODUCED AND PURCHASED | |
| 2 | Water Produced | |
| 3 | Water Purchased | 22,179,700 |
| 4 | TOTAL PRODUCED AND PURCHASED | 22,179,700 |
| 5 | | |
| 6 | WATER SALES | |
| 7 | Residential | 9,988,000 |
| 8 | Commercial | 2,587,700 |
| 9 | Industrial | |
| 10 | Bulk Loading Stations | |
| 11 | Wholesale | |
| 12 | Public Authorities | |
| 13 | Other Sales (explain) | |
| 14 | TOTAL WATER SALES | 12,575,700 |
| 15 | | |
| 16 | OTHER WATER USED | |
| 17 | Utility and/or Water Treatment Plant | |
| 18 | Wastewater Plant | |
| 19 | System Flushing | |
| 20 | Fire Department | 23,050 |
| 21 | Other Usage (explain) DBP Flushing | 58,500 |
| 22 | TOTAL OTHER WATER USED | 81,550 |
| 23 | | |
| 24 | WATER LOSS | |
| 25 | Tank Overflows | |
| 26 | Line Breaks | 990,000 |
| 27 | Line Leaks | |
| 28 | Excavation Damages | |
| 29 | Theft | |
| 30 | Other Loss (explain) Unknown Loss | 8,532,450 |
| 31 | TOTAL WATER LOSS | 9,522,450 |
| 32 | | |
| 33 | Note: Line 14 + Line 22 + Line 31 MUST Equal Line 4 | |
| 34 | | |
| 35 | WATER LOSS PERCENTAGE | |
| 36 | (Line 31 divided by Line 4) | 42.93% |

PUBLIC SERVICE COMMISSION

Monthly Water Loss Report

Water Utility:

For the Month of: Year:

| LINE # | ITEM | GALLONS (Omit 000's) |
|--------|---|----------------------|
| 1 | WATER PRODUCED AND PURCHASED | |
| 2 | Water Produced | |
| 3 | Water Purchased | 22,463,221 |
| 4 | TOTAL PRODUCED AND PURCHASED | 22,463,221 |
| 5 | | |
| 6 | WATER SALES | |
| 7 | Residential | 9,488,500 |
| 8 | Commercial | 2,482,200 |
| 9 | Industrial | |
| 10 | Bulk Loading Stations | |
| 11 | Wholesale | |
| 12 | Public Authorities | |
| 13 | Other Sales (explain) | |
| 14 | TOTAL WATER SALES | 11,970,700 |
| 15 | | |
| 16 | OTHER WATER USED | |
| 17 | Utility and/or Water Treatment Plant | |
| 18 | Wastewater Plant | |
| 19 | System Flushing | 4,000 |
| 20 | Fire Department | 23,050 |
| 21 | Other Usage (explain) DBP Flushing | 58,500 |
| 22 | TOTAL OTHER WATER USED | 85,550 |
| 23 | | |
| 24 | WATER LOSS | |
| 25 | Tank Overflows | |
| 26 | Line Breaks | 1,431,500 |
| 27 | Line Leaks | 5,000 |
| 28 | Excavation Damages | |
| 29 | Theft | |
| 30 | Other Loss (explain) | 8,970,471 |
| 31 | TOTAL WATER LOSS | 10,406,971 |
| 32 | | |
| 33 | Note: Line 14 + Line 22 + Line 31 MUST Equal Line 4 | |
| 34 | | |
| 35 | WATER LOSS PERCENTAGE | |
| 36 | (Line 31 divided by Line 4) | 46.33% |

PUBLIC SERVICE COMMISSION

Monthly Water Loss Report

Water Utility:

For the Month of: Year:

| LINE # | ITEM | GALLONS (Omit 000's) |
|--------|---|----------------------|
| 1 | WATER PRODUCED AND PURCHASED | |
| 2 | Water Produced | |
| 3 | Water Purchased | 21,227,622 |
| 4 | TOTAL PRODUCED AND PURCHASED | 21,227,622 |
| 5 | | |
| 6 | WATER SALES | |
| 7 | Residential | 9,828,800 |
| 8 | Commercial | 2,421,200 |
| 9 | Industrial | |
| 10 | Bulk Loading Stations | |
| 11 | Wholesale | |
| 12 | Public Authorities | |
| 13 | Other Sales (explain) | |
| 14 | TOTAL WATER SALES | 12,250,000 |
| 15 | | |
| 16 | OTHER WATER USED | |
| 17 | Utility and/or Water Treatment Plant | |
| 18 | Wastewater Plant | |
| 19 | System Flushing | 41,000 |
| 20 | Fire Department | 27,000 |
| 21 | Other Usage (explain) | |
| 22 | TOTAL OTHER WATER USED | 68,000 |
| 23 | | |
| 24 | WATER LOSS | |
| 25 | Tank Overflows | |
| 26 | Line Breaks | 1,770,000 |
| 27 | Line Leaks | |
| 28 | Excavation Damages | |
| 29 | Theft | |
| 30 | Other Loss (explain) <u>Unknown</u> | 7,139,622 |
| 31 | TOTAL WATER LOSS | 8,909,622 |
| 32 | | |
| 33 | Note: Line 14 + Line 22 + Line 31 MUST Equal Line 4 | |
| 34 | | |
| 35 | WATER LOSS PERCENTAGE | |
| 36 | (Line 31 divided by Line 4) | 41.97% |

PUBLIC SERVICE COMMISSION

Monthly Water Loss Report

Water Utility:

For the Month of: Year:

| LINE # | ITEM | GALLONS (Omit 000's) |
|--------|---|----------------------|
| 1 | WATER PRODUCED AND PURCHASED | |
| 2 | Water Produced | |
| 3 | Water Purchased | 23,360,517 |
| 4 | TOTAL PRODUCED AND PURCHASED | 23,360,517 |
| 5 | | |
| 6 | WATER SALES | |
| 7 | Residential | 9,141,400 |
| 8 | Commercial | 2,143,400 |
| 9 | Industrial | |
| 10 | Bulk Loading Stations | |
| 11 | Wholesale | |
| 12 | Public Authorities | |
| 13 | Other Sales (explain) | |
| 14 | TOTAL WATER SALES | 11,284,800 |
| 15 | | |
| 16 | OTHER WATER USED | |
| 17 | Utility and/or Water Treatment Plant | |
| 18 | Wastewater Plant | |
| 19 | System Flushing | 78,000 |
| 20 | Fire Department | |
| 21 | Other Usage (explain) | |
| 22 | TOTAL OTHER WATER USED | 78,000 |
| 23 | | |
| 24 | WATER LOSS | |
| 25 | Tank Overflows | |
| 26 | Line Breaks | 2,134,000 |
| 27 | Line Leaks | 43,000 |
| 28 | Excavation Damages | |
| 29 | Theft | |
| 30 | Other Loss (explain) <u>Unknown Loss</u> | 9,820,717 |
| 31 | TOTAL WATER LOSS | 11,997,717 |
| 32 | | |
| 33 | Note: Line 14 + Line 22 + Line 31 MUST Equal Line 4 | |
| 34 | | |
| 35 | WATER LOSS PERCENTAGE | |
| 36 | (Line 31 divided by Line 4) | 51.36% |

FARMDALE WATER DISTRICT

CASE NO. 2022-00347

Response to Commission Staff's Post-Hearing Request for Information

Question No. 11

Responding Witness: Jeff Reynolds, P.E.

Q-11. Refer to the Hearing Testimony of Jon Dailey at 13:03:35.

- a. Provide a calculation determined by HMB Engineering of estimated rates to be required by Rural Development (RD) pursuant to the \$113,000 grant application.**
- b. State whether HMB Engineering included the estimated costs of all the projects identified in the Qualified Infrastructure Improvement Plan (QIIP) to determine the rates to be required by RD.**
- c. State what test year was used to calculate these rates.**
- d. State the amount of water sold in gallons during the selected test year.**

A-11 a. Apparently, there was a miscommunication during the Hearing concerning the \$113,000 grant application. The amount of the grant is actually \$113,084. It is **not** a grant which Farmdale Water is seeking from Rural Development ("RD"). The grant has already been approved by the Kentucky Infrastructure Authority ("KIA") from the Cleaner Water Program, but no funds have actually been drawn by Farmdale District. See Farmdale District's Response to

Item 9 and **Attachment 9-2** for more information about the KIA Grant. Farmdale District is not seeking any grants from RD at this time.

Rate Calculation. The RD Letter of Conditions dated April 13, 2020, sets forth the minimum rates to be charged by Farmdale District as a condition of receiving the \$2,458,000 loan. See paragraph 29 on pages 11 and 12 of the Letter of Conditions for the required rates. The Letter of Conditions is filed as a part of the Response to Item 9 as **Attachment 9-1**. RD based these rates on the Summary Addendum to the RD Application, which was prepared by HMB Engineers and is attached as **Attachment 11** to this Response. Page 4 of **Attachment 11** contains a table of Farmdale District's Current Rate Schedule (as of the filing of the RD Application), the Rate Schedule Proposed by Farmdale District in its ARF Case (See PSC Case No. 2020-021), and the Rate Schedule proposed to, and accepted by, RD as a condition of the proposed loan. It should be noted that the Commission approved a rate adjustment for Farmdale District on July 7, 2020, in Case No. 2020-021. These rates, which have been charged by Farmdale District since July 7, 2020, are significantly less than the rates mandated by RD in its Letter of Conditions. For example, the current minimum bill is \$19.69, but the minimum bill amount required by RD is \$23.93 for 2,000 gallons.

A-11 b. HMB Engineers did **not** include the cost of any of the projects identified in Farmdale District's QIIP **except** for the A/C Replacement Project, which will be funded by the RD Loan.

A-11 c. HMB Engineers used **2018** as the Test Year in calculating the proposed rates. It did, however, assume a 3% annual increase in O & M costs for four (4) years or a total of 12% over the 2018 Test Year O & M expenses.

A-11 d. Farmdale District sold **137,363,600** gallons of water in 2018.

Attachment 11

FORCAST OF WATER USAGE & INCOME

Usage From 1/01/18 to 12/31/18

| Meter Sizes* | Monthly Sewer Usage | Average | Average Rate | Residential | | Income | Non-Residential | | Income |
|--------------|-------------------------|---------|--------------|----------------|--------------|-------------|-----------------|--------------|----------|
| | | | | No. of Users** | Usage (1000) | | No. of Users | Usage (1000) | |
| 3/4" | 0 - 2,000 Gallons | 1,137 | \$23.93 | 7,860 | 9,254.1 | \$188,090 | 662 | 431.6 | \$15,842 |
| | 2,001 - 8,000 Gallons | 4,266 | \$43.56 | 20,821 | 88,703.1 | \$905,796 | 275 | 1,300.0 | \$13,076 |
| | 8,001 - 140,000 Gallons | 19,821 | \$168.54 | 1,016 | 17,567.7 | \$151,518 | 111 | 4,770.4 | \$38,422 |
| | Over 150,000 Gallons | #DIV/0! | #DIV/0! | 0 | 0.0 | \$0 | 0 | | \$0 |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | Sub-Total | | | 29,697 | 115,524.9 | \$1,245,404 | 1,048 | 6,502.0 | \$67,339 |
| | Average Monthly Rate | | \$42.70 | | | | | | |
| | Average Monthly Usage | | | | 3,890 | | | 6,204 | |

| Sizes* | Monthly Sewer Usage | All Meter | Average | Average Rate | Residential | | Income | Non-Residential | | Income |
|--------|--------------------------|-----------|----------|--------------|----------------|--------------|----------|-----------------|--------------|----------|
| | | | | | No. of Users** | Usage (1000) | | No. of Users | Usage (1000) | |
| 1"+ | 0 - 5,000 Gallons | | 2,373 | \$49.90 | 335 | 851.3 | \$16,717 | 102 | 185.9 | \$5,090 |
| | 5,001 - 10,000 Gallons | | 7,066 | \$67.79 | 140 | 965.4 | \$9,284 | 43 | 327.6 | \$3,121 |
| | 10,001 - 150,000 Gallons | | 35,339 | \$287.55 | 110 | 2,348.0 | \$19,824 | 121 | 5,815.3 | \$46,600 |
| | Over 150,000 Gallons | | 220,382 | \$1,637.15 | 3 | 753.4 | \$5,528 | 14 | 2,993.1 | \$22,304 |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | Sub-Total | | | | 588 | 4,918.1 | \$51,353 | 280 | 9,321.9 | \$77,114 |
| | Average Monthly Rate | | \$148.00 | | | | | | | |
| | Average Monthly Usage | | | | | 8,364 | | | 33,293 | |

Res. 3/4" w/trailer

| Sizes* | Monthly Sewer Usage | All Meter | Average | Average Rate | Residential | | Income | Non-Residential | | Income |
|--------|--------------------------|-----------|---------|--------------|----------------|--------------|---------|-----------------|--------------|--------|
| | | | | | No. of Users** | Usage (1000) | | No. of Users | Usage (1000) | |
| 3/4" | 0 - 4,000 Gallons | | 1,910 | \$47.85 | 21 | 40.1 | \$1,005 | | | |
| | 4,001 - 12,000 Gallons | | 6,682 | \$71.08 | 45 | 300.7 | \$3,199 | | | |
| | 12,001 - 150,000 Gallons | | 17,867 | \$162.13 | 3 | 53.6 | \$486 | | | |
| | Over 150,000 Gallons | | #DIV/0! | #DIV/0! | | | \$0 | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | Sub-Total | | | | 69 | 394.4 | \$4,690 | 0 | 0.0 | \$0 |
| | Average Monthly Rate | | \$67.97 | | | | | | | |
| | Average Monthly Usage | | | | | 5,716 | | | #DIV/0! | |

Res. 1" w/trailer

| Sizes* | Monthly Sewer Usage | All Meter | Average | Average Rate | Residential | | Income | Non-Residential | | Income |
|--------|--------------------------|-----------|----------|--------------|----------------|--------------|---------|-----------------|--------------|--------|
| | | | | | No. of Users** | Usage (1000) | | No. of Users | Usage (1000) | |
| 1"+ | 0 - 10,000 Gallons | | 6,591 | \$99.81 | 11 | 72.5 | \$1,098 | | | |
| | 10,001 - 15,000 Gallons | | #DIV/0! | #DIV/0! | | | \$0 | | | |
| | 15,001 - 150,000 Gallons | | 19,358 | \$176.54 | 12 | 232.3 | \$2,118 | | | |
| | Over 150,000 Gallons | | 828,900 | \$5,713.61 | 1 | 828.9 | \$5,714 | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | Sub-Total | | | | 24 | 1,133.7 | \$8,930 | 0 | 0.0 | \$0 |
| | Average Monthly Rate | | \$372.08 | | | | | | | |
| | Average Monthly Usage | | | | | 47,238 | | | #DIV/0! | |

Res. 3/4" w/ 2 trailers

| Sizes* | Monthly Sewer Usage | All Meter | Average | Average Rate | Residential | | | Non-Residential | | |
|--------|--------------------------|-----------|---------|--------------|----------------|--------------|---------|-----------------|--------------|--------|
| | | | | | No. of Users** | Usage (1000) | Income | No. of Users | Usage (1000) | Income |
| | 0 - 6,000 Gallons | | 5,275 | \$71.78 | 8 | 42.2 | \$574 | | | |
| 1"+ | 6,001 - 10,000 Gallons | | 7,618 | \$85.79 | 11 | 83.8 | \$944 | | | |
| | 10,001 - 150,000 Gallons | | 13,300 | \$131.73 | 5 | 66.5 | \$659 | | | |
| | Over 150,000 Gallons | | #DIV/0! | #DIV/0! | | | \$0 | | | |
| | - Gallons | | | | | | | | | |
| | - Gallons | | | | | | | | | |
| | - Gallons | | | | | | | | | |
| | Sub-Total | | | | 24 | 192.5 | \$2,177 | 0 | 0.0 | \$0 |
| | Average Monthly Rate | | | \$90.69 | | | | | | |
| | Average Monthly Usage | | | | | 8,021 | | | #DIV/0! | |

4" Meter (Stewart Home)

| Sizes* | Monthly Sewer Usage | All Meter | Average | Average Rate | Residential | | | Non-Residential | | |
|--------|--------------------------|-----------|---------|--------------|----------------|--------------|--------|-----------------|--------------|-----------|
| | | | | | No. of Users** | Usage (1000) | Income | No. of Users | Usage (1000) | Income |
| | 0 - 50,000 Gallons | | 32,000 | \$400.01 | | | | 9 | 288.0 | \$3,600 |
| 1"+ | 50,001 - 150,000 Gallons | | 57,000 | \$453.70 | | | | 1 | 57.0 | \$454 |
| | Over 150,000 Gallons | | 571,346 | \$3,981.60 | | | | 26 | 14,855.0 | \$103,522 |
| | - Gallons | | #DIV/0! | #DIV/0! | | | | | | \$0 |
| | - Gallons | | | | | | | | | |
| | - Gallons | | | | | | | | | |
| | - Gallons | | | | | | | | | |
| | Sub-Total | | | | 0 | 0.0 | \$0 | 36 | 15,200.0 | \$107,575 |
| | Average Monthly Rate | | | \$2,988.21 | | | | | | |
| | Average Monthly Usage | | | | | #DIV/0! | | | 422,222 | |

**CURRENT AND PROPOSED RATES
FARMDALE WATER DISTRICT**

| <u>Current Rate Schedule</u> | | | <u>Current Rate Schedule Proposed to PSC</u> | | | <u>Proposed Rate Schedule</u> | | |
|---------------------------------|-----------------|--------------------------|--|-----------------|--------------------------|---------------------------------|-----------------|--------------------------|
| <u>5/8" x 3/4" Meter</u> | | | <u>5/8" x 3/4" Meter</u> | | | <u>5/8" x 3/4" Meter</u> | | |
| First | 2,000 gallons | \$18.20 Min. Bill | First | 2,000 gallons | \$19.84 Min. Bill | First | 2,000 gallons | \$23.93 Min. Bill |
| Next | 3,000 gallons | \$6.10 per 1,000 gallons | Next | 3,000 gallons | \$7.18 per 1,000 gallons | Next | 3,000 gallons | \$8.66 per 1,000 gallons |
| Next | 5,000 gallons | \$5.64 per 1,000 gallons | Next | 5,000 gallons | \$6.36 per 1,000 gallons | Next | 5,000 gallons | \$7.67 per 1,000 gallons |
| Over | 10,000 gallons | \$5.16 per 1,000 gallons | Over | 10,000 gallons | \$5.54 per 1,000 gallons | Over | 10,000 gallons | \$6.68 per 1,000 gallons |
| <u>1" Meter</u> | | | <u>1" Meter</u> | | | <u>1" Meter</u> | | |
| First | 5,000 gallons | \$36.50 Min. Bill | First | 5,000 gallons | \$41.38 Min. Bill | First | 5,000 gallons | \$49.90 Min. Bill |
| Next | 5,000 gallons | \$6.10 per 1,000 gallons | Next | 5,000 gallons | \$7.18 per 1,000 gallons | Next | 5,000 gallons | \$8.66 per 1,000 gallons |
| Next | 140,000 gallons | \$5.64 per 1,000 gallons | Next | 140,000 gallons | \$6.36 per 1,000 gallons | Next | 140,000 gallons | \$7.67 per 1,000 gallons |
| Over | 150,000 gallons | \$5.16 per 1,000 gallons | Over | 150,000 gallons | \$5.54 per 1,000 gallons | Over | 150,000 gallons | \$6.68 per 1,000 gallons |
| <u>4" Meter</u> | | | <u>4" Meter</u> | | | <u>4" Meter</u> | | |
| First | 50,000 gallons | \$271.10 Min. Bill | First | 50,000 gallons | \$331.68 Min. Bill | First | 50,000 gallons | \$400.01 Min. Bill |
| Next | 50,000 gallons | \$6.10 per 1,000 gallons | Next | 100,000 gallons | \$6.36 per 1,000 gallons | Next | 100,000 gallons | \$7.67 per 1,000 gallons |
| Next | 50,000 gallons | \$5.64 per 1,000 gallons | Over | 150,000 gallons | \$5.54 per 1,000 gallons | Over | 150,000 gallons | \$6.68 per 1,000 gallons |
| Over | 150,000 gallons | \$5.16 per 1,000 gallons | | | | | | |

Based on 2018 Audit

XXX. CURRENT OPERATING BUDGET - (WATER SYSTEM)
(As of the full operating year.)

| | | |
|----|--|--------------------|
| A. | Operating Income: | \$ _____ |
| | Water Sales | _____ 1,105,000 |
| | Tap Fees | _____ 12,452 |
| | Late Payment Penalty | _____ 38,550 |
| | Reconnect Fees | _____ 7,301 |
| | Sewer Surcharge Fees | _____ 69,184 |
| | Total Operating Income | \$ _____ 1,232,487 |
| B. | Operation and Maintenance Expenses: (Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners) | |
| | Water Purchase | \$ _____ 601,000 |
| | Utilities | \$ _____ 20,000 |
| | Salaries/Benefits | \$ _____ 403,200 |
| | Transmission and Distribution Expense | \$ _____ 22,500 |
| | Administrative and General Expense | \$ _____ 68,000 |
| | Water Testing | \$ _____ 6,000 |
| | Repairs/Maintenance | \$ _____ 74,000 |
| | Insurance & Workmans Comp | \$ _____ 21,000 |
| | Taxes & Licenses | \$ _____ 38,400 |
| | Bad Debt | \$ _____ 3,500 |
| | Net Operating Expense | \$ _____ 1,257,600 |
| C. | Non-Operating Income: | - |
| | Total Non-Operating Income | \$ _____ - |
| D. | Net Income | \$ _____ (25,113) |
| E. | Debt Repayment: | \$ _____ |
| | RUS P&I Payment | _____ 81,500 |
| | RUS Principal | _____ |
| | Non-RUS Interest | _____ |
| | Non-RUS Principal | _____ |
| | Total Debt Repayment | \$ _____ 81,500 |
| F. | Balance Available for Coverage | \$ _____ (106,613) |

PROPOSED BUDGET

| | | |
|----|--|----------------------|
| A. | Operating Income: | \$ _____ |
| | Water Sales | _____ 1,564,582 |
| | Tap Fees | _____ 12,452 |
| | Late Payment Penalty | _____ 38,550 |
| | Reconnect Fees | _____ 7,301 |
| | Sewer Surcharge Fees | _____ 69,184 |
| | Total Operating Income | \$ _____ 1,692,069 |
| B. | Operation and Maintenance Expenses: (Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners) | |
| | Water Purchase | \$ _____ 676,726 (1) |
| | Utilities | \$ _____ 22,520 (1) |
| | Salaries/Benefits | \$ _____ 454,003 (1) |
| | Transmission and Distribution Expense | \$ _____ 25,335 (1) |
| | Administrative and General Expense | \$ _____ 76,568 (1) |
| | Water Testing | \$ _____ 6,756 (1) |
| | Repairs/Maintenance | \$ _____ 83,324 (1) |
| | Insurance & Workmans Comp | \$ _____ 23,646 (1) |
| | Taxes & Licenses | \$ _____ 43,238 (1) |
| | Bad Debt | \$ _____ 3,941 (1) |
| | Net Operating Expense | \$ _____ 1,416,058 |
| C. | Non-Operating Income: | - |
| | Total Non-Operating Income | \$ _____ - |
| D. | Net Income | \$ _____ 276,011 |
| E. | Debt Repayment: | \$ _____ |
| | Existing RUS P&I Payment | _____ 81,500 |
| | Proposed RUS P&I Payment | _____ 110,000 (2) |
| | Non-RUS Interest | _____ |
| | Non-RUS Principal | _____ |
| | Total Debt Repayment | \$ _____ 191,500 |
| F. | Short Lived Assets | \$ _____ 58,000 |
| G. | Balance Available for Coverage | \$ _____ 26,511 |

(1) Assumed O&M increase 3% annually for 4 yrs.

(2) P&I Payment based on \$2,458,000 @ 3.25% for 40 yrs.