

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF THE FARMDALE)
WATER DISTRICT FOR A CERTIFICATE)
OF PUBLIC CONVENIENCE AND)
NECESSITY TO CONSTRUCT A SYSTEM) Case No. 2024 - 00223
IMPROVEMENTS PROJECT AND AN ORDER)
APPROVING A CHANGE IN RATES AND)
AUTHORIZING THE ISSUANCE OF SECURITIES)
PURSUANT TO KRS 278.023)

A P P L I C A T I O N

This Electronic Application of the Farmdale Water District ("Farmdale District"), respectfully shows:

1. That Farmdale District is a water district created and existing under and by virtue of Chapter 74 of the Kentucky Revised Statutes.

2. That the post office address of Farmdale District is:

Farmdale Water District
c/o Mr. Scottie Wooldridge, Chairman
100 Highwood Drive
Frankfort, Kentucky 40601
Phone: (502) 223-3562
Fax: (502) 352-2999
email address: farmdalewater@gmail.com

3. That Farmdale District, pursuant to the provisions of KRS 278.023, seeks (i) a Certificate of Public Convenience and Necessity permitting Farmdale District to construct improvements to its existing water system (the "Project"); (ii) an Order approving increased rates; and (iii) authorization to issue securities.

4. That the Project Description and Necessity is attached hereto as **Exhibit "A"**.

5. That Farmdale District proposes to finance the construction of the Project through the proceeds of the issuance of \$2,458,000 of its Waterworks Revenue Bonds, Series 2024. Farmdale District has a commitment from USDA, Rural Development (RD) to purchase said \$2,458,000 of Bonds maturing over a 40-year period at an interest rate not to exceed 2.375% per annum as set out in the RD Letter of Conditions filed herewith as an Exhibit.

6. That Farmdale District does not contemplate having the Project constructed with any deviation from minimum construction standards of this Commission.

7. That Farmdale District files herewith the following Exhibits pursuant to 807 KAR 5:069, Section 2 in support of this Application:

- A. Copy of RD Letter of Conditions and Form RD 1940-1 Request for Obligation of Funds (**Exhibit "B"**).
- B. Copy of RD Letter of Concurrence in Contract Award (**Exhibit "C"**).
- C. Copy of Preliminary Engineering Report, Final Engineering Report with certified bid tabulations and Plans and Specifications on electronic storage medium in .pdf format.
- D. Certified statement from the Chairman (**Exhibit "D"**), based upon statements of the Engineers for Farmdale District, concerning the following:
 - (1) The proposed plans and specifications for the Project have been designed to meet the minimum construction and operating requirements set out in 807 KAR 5:066 Section 4(3) and (4); Section 5(1); Sections 6 and 7; Section 8(1) through (3); Section 9(1) and Section 10.
 - (2) All other state approvals or permits have been obtained;
 - (3) The proposed rates of Farmdale District shall produce the total revenue requirements recommended in the engineering reports; and
 - (4) Setting out the dates when it is anticipated that construction will begin and end.

8. That Farmdale District has complied with the "public postings" requirement of 807 KAR 5:069, Section 3(1)(a) and (b) by posting a copy of the Notice of Proposed Rate Change (the "Notice") (i) at its place of business; and (ii) within five (5) business days of the date this Application is submitted to the Commission, on its website (www.farmdalewaterdistrict.com) along with a hyperlink to the location on the Commission's website where the case documents are available. Farmdale District has also arranged for the publication, prior to or at the same time this Application is filed, of the Notice pursuant to 807 KAR 5:069, Section 3(2) in the newspaper of general circulation in Farmdale District's service area. Said Notice sets out the content requirements


of 807 KAR 5:069, Section 3(4). A copy of said Notice is filed herewith as **Exhibit "E"**. Farmdale District shall file with this Commission no later than fifteen (15) days from the date this Application was initially filed, an affidavit and tearsheet from the publisher as required by 807 KAR 5:069 Section 3(3)(b).


9. That the foregoing constitutes the documents necessary to obtain the approval of this Commission in accordance with Section 278.023 of the Kentucky Revised Statutes and in accordance with the "Filing Requirements" specified in 807 KAR 5:069, Section 2.

WHEREFORE, Farmdale Water District asks that the Kentucky Public Service Commission grant the following:

- a. A Certificate of Public Convenience and Necessity permitting Farmdale District to construct improvements to its existing water system.
- b. An Order authorizing the issuance of securities, viz., \$2,458,000 of bonds maturing over a 40-year period at an interest rate not to exceed 2.375% per annum.
- c. An Order approving the proposed rates as set out in Section 29 of the RD Letter of Conditions filed herewith as an Exhibit.

Farmdale Water District


By: 
Chairman
Board of Water Commissioners


W. Randall Jones, Esq.
Rubin & Hays
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202
Phone: (502) 569-7534
Fax: (502) 569-7555
wrjones@rubinhays.com

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF FRANKLIN)

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

IN TESTIMONY WHEREOF, witness the signature of the undersigned on this July 12, 2024.



Scottie Wooldridge, Chairman
Farmdale Water District

Subscribed and sworn to before me by Scottie Wooldridge, Chairman of the Board of Commissioners of the Farmdale Water District on this July 12, 2024.

My Commission expires: 12-14-2026.



Notary Public

KYNP62966

Notary Public ID Number

EXHIBIT A

Project Description and Necessity





3 HMB Circle
US 460
Frankfort, KY 40601
Office: (502) 695-9800
Fax: (502) 695-9810

Farmdale Water District A.C. Water Line Replacement Project

The Farmdale Water District has been experiencing an extremely high-water loss. The District believes that much of the water loss can be contributed to the existing asbestos cement (A.C.) water line. A.C. water line is notorious for becoming brittle and more susceptible to leaking and breaks as the pipe ages. Water line breaks create health and sanitary risks to the customers. The A.C. water lines are also considered a hazardous material that poses potential health hazards to the maintenance crew when repairing a leak. Excessive water loss also causes a financial burden on the District which in turn creates a financial burden on its customers.

The proposed project will replace or upgrade approximately 34,000 l.f. of A.C. line with PVC water line along the following roads: Old Lawrenceburg Road, Jones Lane, Ninevah Road, Mulholland Drive, Johnson Road, Lawrenceburg Road, US 127 and Old Harrodsburg Road.

Highway Engineering

Structural Engineering

Water & Wastewater

Site Development

Right-of-Way

Master Planning

Environmental Planning

Surveying

Project Management

Cost Estimation

Construction Inspection

Aviation Services

Environmental Remediation

Landscape Architecture

EXHIBIT B

RD Letter of Conditions and Form RD 1940-1



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 | <u>\$2,458,000</u> |

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.

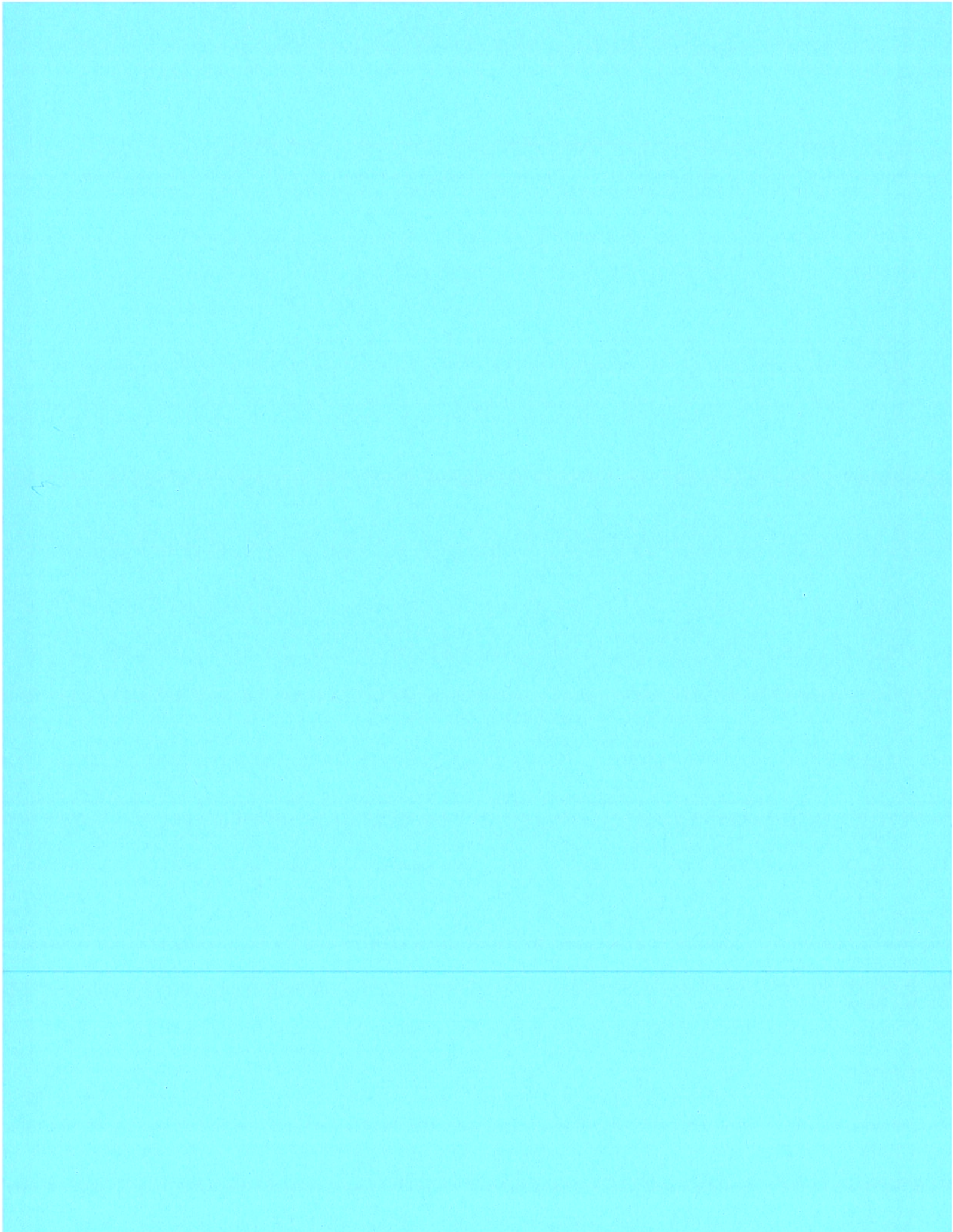
Sincerely,



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



REQUEST FOR OBLIGATION OF FUNDS

| | | | | | | | |
|---|--|--|---|--|--|--|--|
| INSTRUCTIONS-TYPE IN CAPITALIZED ELITE TYPE IN SPACES MARKED () Complete Items 1 through 29 and applicable Items 30 through 34. See FMI. | | | | | | | |
| 1. CASE NUMBER ST CO BORROWER ID 20-037-*****1446 | | LOAN NUMBER | | FISCAL YEAR | | | |
| 2. BORROWER NAME Farmdale Water District | | 3. NUMBER NAME FIELDS (1 2 or 3 from Item 2) | | | | | |
| | | 4. STATE NAME Kentucky | | | | | |
| | | 5. COUNTY NAME Franklin | | | | | |
| GENERAL BORROWER/LOAN INFORMATION | | | | | | | |
| 6. RACE/ETHNIC CLASSIFICATION 1 - WHITE 2 - BLACK 3 - ASIAN 4 - HISPANIC 5 - API | | 7. TYPE OF APPLICANT 1 INDIVIDUAL 2 PARTNERSHIP 3 CORPORATION 4 PUBLIC BODY 5 ASSOC OF FARMERS 6 ORG OF FARMERS 7 NONPROFIT SECULAR 8 NONPROFIT FAITH BASED 9 INDIAN TRIBE 10 PUBLIC COLLEGE/UNIVERSITY 11 OTHER | | 8. COLLATERAL CODE 1 REAL ESTATE SECURED 2 REAL ESTATE AND CHATTEL 3 NOTE ONLY OR CHATTEL ONLY 4 - MACHINERY ONLY 5 - LIVESTOCK ONLY 6 - CROPS ONLY 7 - SECURED BY BONDS 8 - RLF ACCT | | 9. EMPLOYEE RELATIONSHIP CODE 1 EMPLOYEE 2 MEMBER OF FAMILY 3 CLOSE RELATIVE 4 ASSOC | |
| 10. SEX CODE 1 MALE 2 FEMALE 3 - FAMILY UNIT 4 ORGAN MALE OWNED 5 ORGAN FEMALE OWNED 6 PUBLIC BODY | | 11. MARITAL STATUS 1 - MARRIED 2 - SEPARATED 3 - UNMARRIED (INCLUDES WIDOWED/DIVORCED) | | 12. VETERAN CODE 1 - YES 2 - NO | | 13. CREDIT REPORT 1 YES 2 NO | |
| 14. DIRECT PAYMENT 3 (See FMI) | | 15. TYPE OF PAYMENT 1 - MONTHLY 2 - ANNUALLY 3 - SEMI-ANNUALLY 4 - QUARTERLY | | 16. FEE INSPECTION 1 - YES 2 - NO | | | |
| 17. COMMUNITY SIZE 1 10 000 OR LESS (FOR SFH AND HPG ONLY) 2 OVER 10 000 | | 18. USE OF FUNDS CODE (See FMI) | | | | | |
| COMPLETE FOR OBLIGATION OF FUNDS | | | | | | | |
| 19. TYPE OF ASSISTANCE 061 (See FMI) | | 20. PURPOSE CODE 4 | | 21. SOURCE OF FUNDS | | 22. TYPE OF ACTION 1 - OBLIGATION ONLY 2 - OBLIGATION/CHECK REQUEST 3 - CORRECTION OF OBLIGATION | |
| 23. TYPE OF SUBMISSION 1 INITIAL 2 SUBSEQUENT 2 | | 24. AMOUNT OF LOAN \$2,458,000.00 | | 25. AMOUNT OF GRANT | | | |
| 26. AMOUNT OF IMMEDIATE ADVANCE | | 27. DATE OF APPROVAL MO DAY YR 04 24 20 | | 28. INTEREST RATE 2.3750 % | | 29. REPAYMENT TERMS 40 | |
| COMPLETE FOR COMMUNITY PROGRAM AND CERTAIN MULTIPLE-FAMILY HOUSING LOANS | | | | | | | |
| 30. PROFIT TYPE 1 FULL PROFIT 2 LIMITED PROFIT 3 NONPROFIT | | | | | | | |
| COMPLETE FOR EM LOANS ONLY | | | COMPLETE FOR CREDIT SALE-ASSUMPTION | | | | |
| 31. DISASTER DESIGNATION NUMBER (See FM) | | | 32. TYPE OF SALE 1 CREDIT SALE ONLY 2 - ASSUMPTION ONLY 3 - CREDIT SALE WITH SUBSEQUENT LOAN 4 - ASSUMPTION WITH SUBSEQUENT LOAN | | | | |
| FINANCE OFFICE USE ONLY | | | COMPLETE FOR FP LOANS ONLY | | | | |
| 33. OBLIGATION DATE MO DA YR | | | 34. BEGINNING FARMER/RANCHER (See FMI) | | | | |

If the decision contained above in this form results in denial, reduction or cancellation of USDA assistance, you may appeal the decision and have a hearing or you may request a review in lieu of a hearing. Please use the form we have included for this purpose.

Position 2

ORIGINAL - Borrower's Case Folder COPY 1 - Finance Office COPY 2 - Applicant/Lender COPY 3 - State Office

CERTIFICATION APPROVAL

For All Farmers Programs

EM, OL, FO, and SW Loans

This loan is approved subject to the availability of funds. If this loan does not close for any reason within 90 days from the date of approval on this document, the approval official will request updated eligibility information. The undersigned loan applicant agrees that the approval official will have 14 working days to review any updated information prior to submitting this document for obligation of funds. If there have been significant changes that may affect eligibility, a decision as to eligibility and feasibility will be made within 30 days from the time the applicant provides the necessary information.

If this is a loan approval for which a lien and/or title search is necessary, the undersigned applicant agrees that the 15-working-day loan closing requirement may be exceeded for the purposes of the applicant's legal representative completing title work and completing loan closing.

35. COMMENTS AND REQUIREMENTS OF CERTIFYING OFFICIAL

Approval of financial assistance is subject to the provisions of the Letter of Conditions dated 4-13-20, and any amendments thereto.

4/24/20 Obligation entered over terminal @ 1:29 pm a

36. I HEREBY CERTIFY that I am unable to obtain sufficient credit elsewhere to finance my actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near my community for loans for similar purposes and periods of time. I agree to use the sum specified herein, subject to and in accordance with regulations applicable to the type of assistance indicated above, and request payment of such sum. I agree to report to USDA any material adverse changes, financial or otherwise, that occur prior to loan closing. I certify that no part of the sum specified herein has been received. I have reviewed the loan approval requirements and comments associated with this loan request and agree to comply with these provisions.

(For FP loans at eligible terms only) If this loan is approved, I elect the interest rate to be charged on my loan to be the lower of the interest rate in effect at the time of loan approval or loan closing. If I check "NO", the interest rate charged on my loan will be the rate specified in Item 28 of this form. YES NO

WARNING: Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more than five years, or both."

Date 4-22, 20 20

Clifford Joles, Chairman

(Signature of Applicant)

Date _____, 20 _____

(Signature of Co-Applicant)

37. I HEREBY CERTIFY that all of the committee and administrative determinations and certifications required by regulations prerequisite to providing assistance of the type indicated above have been made and that evidence thereof is in the docket, and that all requirements of pertinent regulations have been complied with. I hereby approve the above-described assistance in the amount set forth above, and by this document, subject to the availability of funds, the Government agrees to advance such amount to the applicant for the purpose of and subject to the availability prescribed by regulations applicable to this type of assistance.

Hilda Gay Legg

(Signature of Approving Official)

Typed or Printed Name: Hilda Gay Legg

Date Approved: 4/24/20

Title: State Director

38. TO THE APPLICANT: As of this date 5/4/20, this is notice that your application for financial assistance from the USDA has been approved, as indicated above, subject to the availability of funds and other conditions required by the USDA. If you have any questions contact the appropriate USDA Servicing Office.

EXHIBIT C

RD Letter of Concurrence in Contract Award



Rural Development

July 17, 2024

Kentucky State Office

771 Corporate Drive,
Suite 200
Lexington, KY
40503

Scottie Wooldridge, Chairman
Farmdale Water District
100 Highwood Drive
Frankfort, KY 40601

Voice 859.224.7300
Fax 859.224.7425
TTY 859.224.7422

I have reviewed the Bid Tabulations and recommendation information from HMB Professional Engineers, Inc. for the following contract(s) and recommend acceptance as follows:

Contract: AC Waterline Replacement
SBE, Inc.
\$1,934,145.00

When the project Engineer submits the Executed contract documents, a resume for the Resident Project Representative should be included for RD review.

Sincerely,

PHILIP ELSWICK

Digitally signed by PHILIP
ELSWICK

Date: 2024.07.17 14:01:05 -04'00'

Philip R. Elswick, PE
State Engineer

USDA is an equal opportunity provider and employer.

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

EXHIBIT D

Certificate of Chairman




**CERTIFICATE OF CHAIRMAN OF THE FARMDALE WATER DISTRICT
AS TO STATEMENT REQUIRED BY SECTION 2(6) OF 807 KAR 5:069**

I, the undersigned, hereby certify that I am the duly qualified and acting Chairman of the Farmdale Water District (the "District"), and that said District is in the process of arranging to finance the construction of improvements to its water system (the "Project"), in cooperation with HMB Professional Engineers, Frankfort, Kentucky, the Engineers for the District (the "Engineers").

Based on information furnished to me by said Engineers, I hereby certify as follows:

1. That the proposed plans and specifications for the Project have been designed to meet the minimum construction and operating requirements set out in 807 KAR 5:066 Section 4(3) and (4); Section 5(1); Sections 6 and 7; Section 8(1) through (3); Section 9(1) and Section 10.
2. That all other state approvals and/or permits have been obtained.
3. That the rates proposed by the District in its current Application filed with the Kentucky Public Service Commission are contemplated to produce total revenue requirements recommended in the Engineering Reports prepared by such Engineers and filed with the Kentucky Public Service Commission.
4. That it is now contemplated that construction of the Project will begin on or about September 15, 2024, and will end on or about March 15, 2025.

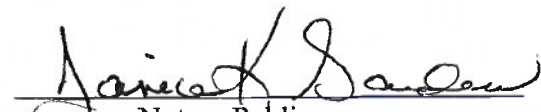
IN TESTIMONY WHEREOF, witness my signature this July 12, 2024.



Chairman
Farmdale Water District

STATE OF KENTUCKY)
) SS
COUNTY OF FRANKLIN)

Subscribed and sworn to before me by Scottie Wooldridge, Chairman of the Board of Commissioners of the Farmdale Water District on this July 12, 2024.



Notary Public
In and For Said State and County
KYNP62966

Notary Public ID Number

EXHIBIT E

Notice of Proposed Rate Change



NOTICE OF PROPOSED RATE CHANGE

In accordance with the requirements of the Kentucky Public Service Commission ("PSC") as set out in 807 KAR 5:069, Section 3, notice is hereby given to the customers of the Farmdale Water District ("District") of a change in water rates for users of the District's water system. The changes in water rates are required by USDA, Rural Development ("RD") in connection with a loan by RD to the District in the amount of \$2,458,000 to be evidenced by the issuance by the District of its water revenue bonds in such amount, which RD has agreed to purchase provided the District meets certain conditions of RD, including revising the water rates as set forth below:

Current Rate Schedule

5/8 x 3/4 Inch Meter Tap

| | | | | |
|-------|---------|---------|---------|----------------|
| First | 2,000 | Gallons | \$19.69 | Min. Bill |
| Next | 8,000 | Gallons | \$7.34 | per 1,000 Gal. |
| Next | 140,000 | Gallons | \$6.54 | per 1,000 Gal. |
| Over | 150,000 | Gallons | \$5.81 | per 1,000 Gal. |

1 Inch Meter Tap

| | | | | |
|-------|---------|---------|---------|----------------|
| First | 5,000 | Gallons | \$41.71 | Min. Bill |
| Next | 5,000 | Gallons | \$7.34 | per 1,000 Gal. |
| Next | 140,000 | Gallons | \$6.54 | per 1,000 Gal. |
| Over | 150,000 | Gallons | \$5.81 | per 1,000 Gal. |

4 Inch Meter Tap

| | | | | |
|-------|---------|---------|----------|----------------|
| First | 50,000 | Gallons | \$340.01 | Min. Bill |
| Next | 50,000 | Gallons | \$7.34 | per 1,000 Gal. |
| Next | 50,000 | Gallons | \$6.54 | per 1,000 Gal. |
| Over | 150,000 | Gallons | \$5.81 | per 1,000 Gal. |

Proposed Rate Structure

| | | | | | <u>Increase (\$)</u> | <u>Increase (%)</u> |
|---------------------------------|---------|---------|---------|----------------|----------------------|---------------------|
| <u>5/8 x 3/4 Inch Meter Tap</u> | | | | | | |
| First | 2,000 | Gallons | \$23.93 | Min. Bill | \$4.24 | 21.5% |
| Next | 3,000 | Gallons | \$8.66 | per 1,000 Gal. | * | * |
| Next | 5,000 | Gallons | \$7.67 | per 1,000 Gal. | * | * |
| Over | 10,000 | Gallons | \$6.68 | per 1,000 Gal. | * | * |
| <hr/> | | | | | | |
| <u>1 Inch Meter Tap</u> | | | | | | |
| First | 5,000 | Gallons | \$49.90 | Min. Bill | \$8.19 | 19.6% |
| Next | 5,000 | Gallons | \$8.66 | per 1,000 Gal. | \$1.32 | 18.0% |
| Next | 140,000 | Gallons | \$7.67 | per 1,000 Gal. | \$1.13 | 17.3% |
| Over | 150,000 | Gallons | \$6.68 | per 1,000 Gal. | \$0.87 | 15.0% |

4 Inch Meter Tap

| | | | | | | |
|-------|---------|---------|----------|----------------|---------|-------|
| First | 50,000 | Gallons | \$400.01 | Min. Bill | \$60.00 | 17.6% |
| Next | 100,000 | Gallons | \$7.67 | per 1,000 Gal. | * | * |
| Over | 150,000 | Gallons | \$6.68 | per 1,000 Gal. | * | * |

* Unable to determine due to Proposed Rate Structure differing from Existing Rate Structure (see the Comparison Table below for the changes in the average bills).

Comparison of Average Existing and Proposed Bills

| Customer Class | Average Monthly Usage Per Customer | Average Monthly Bill (Current Rates) | Average Monthly Bill (Proposed Rates) | Increase in Average Monthly Bill (\$) | Increase in Average Monthly Bill (%) |
|----------------------|------------------------------------|--------------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| 5/8 x 3/4 Inch Meter | 3,969 | \$34.14 | \$40.98 | \$6.84 | 20% |
| 1 Inch Meter | 16,406 | \$120.32 | \$142.33 | \$22.01 | 18% |
| 4 Inch Meter | 422,222 | \$2,615.62 | \$2,985.45 | \$369.83 | 14% |

The proposed monthly water rates shall be effective for water sold after August 30, 2024, the expected issue date of the final approving Order of the PSC. The Application for approval of the rate change has been filed with the PSC and may be examined during normal business hours at the following locations: (i) Farmdale Water District, 100 Highwood Drive, Frankfort, KY 40601; (ii) PSC, 211 Sower Boulevard, Frankfort, Kentucky, Monday through Friday, 8:00 a.m. to 4:30 p.m., E.T.; and (iii) via the PSC website at <http://psc.ky.gov>. Comments regarding the Application may be submitted to the PSC via its website or by mail to PSC, P.O. Box 615, Frankfort, Kentucky 40602.

The proposed rates are required under the terms of an agreement between the District and RD and KRS 278.023 does not grant the PSC any discretionary authority to modify or reject any portion of the agreement between the District and RD, or to defer the issuance of all necessary orders to implement the terms of the agreement. The RD loan proceeds will be used to finance the costs of A.C. Water Line Replacement Project which includes the replacement of approximately 34,000 linear feet of A.C. water line. Signed: Scottie Wooldridge, Chairman, Farmdale Water District.