

REED & JOHNSON

ATTORNEYS AT LAW
2218 FRANKFORT AVENUE
LOUISVILLE, KENTUCKY 40206-2408

HENRY M. REED III
LOUISVILLE, KENTUCKY

GILLARD B. JOHNSON III
LEXINGTON, KENTUCKY

(502) 899-3880
FAX (502) 899-3882
E-MAIL: hankreed@bellsouth.net

April 9, 2009

RECEIVED
APR 10 2009
PUBLIC SERVICE
COMMISSION

VIA UPS

Mr. Jeff R. Derouen
Executive Director
Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

In re: Application of Cumberland County Water District

Mr. Derouen:

Enclosed herewith please find ten (10) copies of the Petition of the Cumberland County Water District seeking a Certificate of Public Convenience and Necessity with appropriate exhibits.

Monarch Engineering, Inc., Lawrenceburg, Kentucky are the Consulting Engineers employed by the District for this Project. You are respectfully requested to direct any requests of the Commission for additional engineering information directly to Monarch Engineering, Inc.

The Petition contains a request for an increase in water rates. The financing for this Project consists of a Loan and Grant from the US Department of Agriculture, Rural Development ("USDARD").

If this office can supply any additional information please don't hesitate to advise me.

Sincerely yours,


HENRY M. REED III

cc: Mr. David M. Bowles, P.E.
Monarch Engineering, Inc.
556 Carlton Dr.
Lawrenceburg, Kentucky 40342

Mr. Stephen L. Capps
Chairman
Cumberland County Water District
133 Lower River Street
Burkesville, Kentucky 42717

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

THE APPLICATION OF THE CUMBERLAND COUNTY)
WATER DISTRICT, A WATER DISTRICT)
ORGANIZED PURSUANT TO CHAPTER 74 OF THE)
KENTUCKY REVISED STATUTES, IN CUMBERLAND)
COUNTY, KENTUCKY, FOR (1) A CERTIFICATE)
OF PUBLIC CONVENIENCE AND NECESSITY)
AUTHORIZING AND PERMITTING SAID WATER)
DISTRICT TO CONSTRUCT WATER DISTRIBUTION)
SYSTEM IMPROVEMENTS, CONSISTING OF)
THE PHASE II PROJECT HEREINAFTER IDENTIFIED)
AND (2) THE APPROVAL OF THE PROPOSED)
PLAN OF FINANCING FOR SAID PHASE II PROJECT)

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APR 10 2009

PUBLIC SERVICE
COMMISSION

CASE NO. 2009 - 00150

PETITION

Index to Exhibit Addendum

1. Petition of Cumberland County Water District ("District") for Certificate of Public Convenience and Necessity pursuant to KRS 278.023 for Phase II Project of improvements to the District's water distribution system ("Project").
2. Resolution of District increasing rates and charges for water service.
3. Order of Commission entered on June 30, 2008, relating to Phase I of the Project.
4. Certification of Chairman of District regarding compliance with Public Service Commission requirements.
5. Amended Letter of Conditions dated March 20, 2009 from US Department of Agriculture, Rural Development ("USDARD") to District with regard to the Phase II Project and original Letter of Conditions dated December 16, 2005.
6. USDARD Concurrence and Award of Bids for construction of Phase II Project.
7. Preliminary Engineering Report of Monarch Engineering, Inc., Lawrenceburg, Kentucky.
8. Final Engineering Report of Monarch Engineering, Inc., Lawrenceburg, Kentucky.
9. Affidavit of Publication for publication of Notice of Filing with PSC.

Prepared by Henry M. Reed III, Bond Counsel to District
2218 Frankfort Avenue, Louisville, Kentucky 40206
Phone: 502-899-3880, Fax: 502-899-3882
e-mail: hankreed@bellsouth.net

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE CUMBERLAND COUNTY)
WATER DISTRICT, A WATER DISTRICT)
ORGANIZED PURSUANT TO CHAPTER 74 OF THE)
KENTUCKY REVISED STATUTES, IN CUMBERLAND)
COUNTY, KENTUCKY, FOR (1) A CERTIFICATE)
OF PUBLIC CONVENIENCE AND NECESSITY)
AUTHORIZING AND PERMITTING SAID WATER)
DISTRICT TO CONSTRUCT WATER DISTRIBUTION)
SYSTEM IMPROVEMENTS, CONSISTING OF)
THE PHASE II PROJECT HEREINAFTER IDENTIFIED)
AND (2) THE APPROVAL OF THE PROPOSED)
PLAN OF FINANCING FOR SAID PHASE II PROJECT)

CASE NO. 2009-
00150

P E T I T I O N

Pursuant to KRS 278.023, this Petition of the Cumberland County Water District of Cumberland County, Kentucky ("District" or "Applicant" or "Petitioner") respectfully states:

1. That the District is a water district of Cumberland County, Kentucky created pursuant to the provisions of KRS 65.810 et seq. and existing under and by virtue of Chapter 74 of the Kentucky Revised Statutes for the purpose of operating, maintaining and managing a water distribution system ("System") as same presently exists and as same is proposed to be improved by the construction of water tank improvements as identified herein ("Phase II Project").
2. That the address of said District is "Cumberland County Water District, 133 Lower River Street, Burkesville, Kentucky 42717."
3. That the District was formed pursuant to the statutes cited, ordinances of the County of Cumberland, Kentucky, and an Order of the Public Service Commission entered on February 24, 1995 (Case No. 94-437) approving the merger of the former Marrowbone Water District and the former South Cumberland Water District, for the purpose of operating, managing, and maintaining the System.

4. That the boundaries of the District include substantially all of the County of Cumberland, Kentucky, except for those areas presently served (or to be served) by the City of Burkesville, Kentucky ("City").

5. The District's overall improvements were designed in two phases with the initial phase consisting of water line extensions ("Phase I Project"), with a second phase planned for system improvements consisting of water tank renovation and distribution system upgrades ("Phase II Project"), as more fully identified in the Preliminary Engineering Report and related data prepared by Monarch Engineering, Inc., Engineers for the District, submitted in support of this Petition.

6. The District elected to finance the Phase I Project solely from the proceeds of a Grant from the Commonwealth of Kentucky and filed a Petition with the Commission for approval in Case No. 2008-00187. On June 30, 2008, the Commission entered an Order denying the District's application as moot and approving the construction and financing of the Phase I Project pursuant to the exemption set forth in the 2006 Budget Bill (House Bill 380 appearing at Section F20 of Chapter 252 of the Acts of the 2006 Regular Session of the Kentucky General Assembly).

7. That the District now seeks a Certificate of Public Convenience and Necessity approving the construction of the Phase II Project and the approval of the plan of financing said Phase II Project by the District. The District has received construction bids for the Phase II Project.

8. Subject to the approval of the Commission, the District proposes to finance the Phase II Project from (a) a Loan in the amount of \$415,000 from the US Department of Agriculture, Rural Development ("USDARD") and (b) a Grant from USDARD in the amount of \$295,000.

9. That it is necessary that the District seek increases in the schedule of water rates and charges previously approved by the Commission presently being charged and there is attached to this Petition an Amending Rate Resolution setting forth the schedule of rates and charges desired by the District.

10. That the District has observed the appropriate legal procedure in employing Monarch Engineering, Inc., Lawrenceburg, Kentucky as engineers ("Engineers") to prepare the plans and specifications for the construction of the Phase II Project.

11. That the approval of the Public Service Commission is required in order to enable the District to proceed to accept construction bids for the Phase II Project and proceed with the construction of same in order to provide for the water needs of the residents of the District.

12. That there are attached to this Petition those Exhibits indicated in the Exhibit Addendum to this Petition which the Petitioner believes the Commission will find necessary in ruling on the requests set forth in this Petition pursuant to KRS 278.023.

13. That prior to any hearing in this matter, the District will furnish to the Commission any further documentation pertaining to said Phase II Project, to the extent that same are requested and are available.

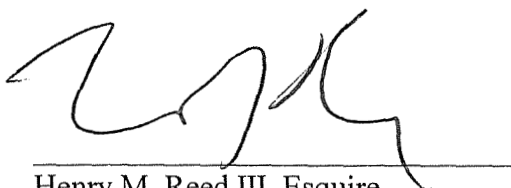
WHEREFORE, Petitioner prays that the Public Service Commission of Kentucky grant to the Petitioner the following:

- A. A Certificate of Public Convenience and Necessity, permitting the Petitioner District to proceed with the construction of the Phase II Project as described in the Engineer's Reports filed herewith as an Exhibit needed to provide improved water service to said District.
- B. An Order approving the financing arrangements made by the District through the utilization of the issuance of the District's Water Revenue Bonds to USDARD evidencing the Loan of \$415,000 and approval of the USDARD Grant to the District in the amount of \$295,000.

Dated at Burkesville, Kentucky this 6th day of April, 2009.

CUMBERLAND COUNTY WATER DISTRICT

By Stephen L. Cooper
Chairman, Board of Water Commissioners



Henry M. Reed III, Esquire
Bond Counsel
2218 Frankfort Avenue
Louisville, Kentucky 40206-2408

STATE OF KENTUCKY)
)
COUNTY OF CUMBERLAND)

The undersigned, Stephen L. Capps, being first duly sworn, deposes and states: That he is the Chairman of the Board of Water Commissioners of the Cumberland County Water District of Cumberland County, Kentucky, Petitioner in the above Petition; that he has read the foregoing Petition 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 that as to those matters, he believes same to be true.

IN TESTIMONY WHEREOF, witness the signature of the undersigned on the 6th day of April, 2009.

Stephen L. Capps
Chairman, Cumberland County Water District

Acknowledged before me by Stephen L. Capps, Chairman of the Board of Water Commissioners of the Cumberland County Water District, on this 6th day of April, 2009.

My Commission expires _____ My Commission Expires August 21, 2011 .

Elizabeth Cornwall
Notary Public, at large
Kentucky

(Seal of Notary)

**A RESOLUTION OF THE BOARD OF WATER COMMISSIONERS OF
CUMBERLAND COUNTY WATER DISTRICT AMENDING RATES AND
CHARGES FOR WATER SERVICE PROVIDED BY THE DISTRICT.**

WHEREAS, Cumberland County Water District (the "District") has applied or will apply to the Kentucky Public Service Commission for a Certificate of Public Convenience and Necessity authorizing and permitting said District to construct water distribution system improvements consisting of water tank renovation and repair (the "Project") and,

WHEREAS, the District proposes to finance said Project through the issuance of \$415,000 of the District's "Water Revenue Bonds, Series of 2009," (the "Bonds") to be sold to the United States Department of Agriculture, Rural Development ("USDARD") supplemented by a \$295,000 USDARD Grant and,

WHEREAS, the District has applied or will apply to the Kentucky Public Service Commission for a Certificate of Public Convenience and Necessity and approval of a Schedule of Rates and Charges for water service in accordance with the USDARD's Amended Letter of Conditions dated March 20, 2009:

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

1. That subject to PSC approval commencing with the billing period corresponding to the month following such PSC approval, the District's rates and charges for water service shall be as follows:

<u>Gallonge Block</u>	<u>Existing Rate per Gallon</u>	<u>New Rates per Gallon</u>
<u>5/8" Meters:</u>		
First 2,000 gallons	\$15.48 Minimum Bill	\$16.99 Minimum Bill
Next 3,000 gallons	\$ 6.80 per 1,000 gallons	\$ 6.95 per 1,000 gallons
Next 5,000 gallons	\$ 5.60 per 1,000 gallons	\$ 5.75 per 1,000 gallons
Over 10,000 gallons	\$ 4.50 per 1,000 gallons	\$ 4.65 per 1,000 gallons
<u>1" Meters</u>		
First 5,000 gallons	\$ 35.88 Minimum Bill	\$ 37.39 Minimum Bill
Next 5,000 gallons	\$ 5.60 per 1,000 gallons	\$ 5.75 per 1,000 gallons
Over 10,000 gallons	\$ 4.50 per 1,000 gallons	\$ 4.65 per 1,000 gallons
<u>1 1/2" Meters</u>		
First 12,500 gallons	\$ 75.13 Minimum Bill	\$ 76.64 Minimum Bill
Over 12,500 gallons	\$ 4.50 per 1,000 gallons	\$ 4.65 per 1,000 gallons
<u>2" Meters</u>		
First 25,500 gallons	\$ 133.63 Minimum Bill	\$ 135.14 Minimum Bill
Over 25,500 gallons	\$ 4.50 per 1,000 gallons	\$ 4.65 per 1,000 gallons

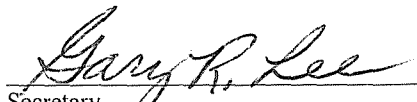
2. That all other rates and charges not specifically mentioned herein shall remain as presently effective.
 3. That all resolutions or parts thereof in conflict with the provisions of this Resolution are hereby repealed to the extent of such conflict.
 4. That this Resolution shall become effective upon its adoption and approval of the Public Service Commission.

Passed and adopted this 6th day of April, 2009.

CUMBERLAND COUNTY WATER DISTRICT


Chairman

Attest:


Secretary

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF CUMBERLAND COUNTY)	
WATER DISTRICT FOR A CERTIFICATE)	
OF PUBLIC CONVENIENCE AND)	
NECESSITY TO CONSTRUCT WATER)	CASE NO. 2008-00187
DISTRIBUTION SYSTEM EXTENSIONS)	
AND IMPROVEMENTS AND APPROVAL)	
OF THE PROPOSED PLAN OF FINANCING)	

ORDER

Cumberland County Water District ("Cumberland District") has tendered an application for a Certificate of Public Convenience and Necessity ("Certificate") to construct a water line improvement project in Cumberland County, Kentucky. At issue is whether House Bill 380 exempts the proposed construction project from the requirement to obtain a Certificate. Finding in the affirmative, we dismiss the application as moot.

Cumberland District, a water district organized under KRS Chapter 74, provides retail water service to approximately 2,383 customers in Cumberland County, Kentucky.¹ For the calendar year ending December 31, 2007, it had annual revenues of \$862,571.² Cumberland District is a Class A Water District.³

¹ *Annual Report of Bullock Pen Water District to the Public Service Commission for the Calendar Year Ended December 31, 2007* at 5 and 27.

² *Id.* at 11.

³ The Kentucky Public Service Commission's Uniform System of Accounts defines a Class A water utility as a utility "having annual water operating revenues of \$750,000 or more." Uniform System of Accounts for Class A/B Water Districts and Associations at 14 (2002) (found at <http://psc.ky.gov/agencies/psc/forms/usoa/0700ab02.pdf>).

Cumberland District proposes to construct 14.6 miles of 8-inch, 6-inch, 4-inch and 3-inch water main in Cumberland County, Kentucky. It further intends to commence construction of the project prior to July 1, 2008.⁴ It estimates that the proposed project will provide water service to approximately 23 households. No public utility currently provides water service in the proposed project area.

The estimated cost of the proposed project is \$737,512. Cumberland District will finance this cost with a Kentucky Infrastructure Authority grant of \$700,000. It will not issue any evidences of indebtedness or adjust its rates to finance the proposed project.

KRS 278.020(1) provides:

No person, partnership, public or private corporation, or combination thereof shall commence providing utility service to or for the public or begin the construction of any plant, equipment, property, or facility for furnishing to the public any of the services enumerated in KRS 278.010, except retail electric suppliers for service connections to electric-consuming facilities located within its certified territory and ordinary extensions of existing systems in the usual course of business, until that person has obtained from the Public Service Commission a certificate that public convenience and necessity require the service or construction.

In its 2006 Annual Session, the Kentucky General Assembly enacted legislation that exempts certain water improvement projects of water districts and water associations from the requirement of obtaining a Certificate. This Act provides:

A water district created pursuant to KRS Chapter 74 and a water association created pursuant to KRS Chapter 273 that undertakes a waterline extension or improvement project shall not be required to obtain a certificate of public convenience and necessity pursuant to KRS 278.020(1) if the water district or water association is a Class A or B utility as defined in the Uniform System of Accounts established by the Public Service Commission, pursuant to KRS 278.220,

⁴ Letter from Henry M. Reed III, legal counsel for Cumberland District, to J.R. Goff, Commission Staff Attorney (June 16, 2008).

as the system of accounts prescribed for utilities in Kentucky, and either: (a) The water line extension or improvement project will not cost in excess of \$500,000; or (b) The water district or water association will not, as a result of the water line extension or improvement project, incur obligations requiring Public Service Commission approval pursuant to KRS 278.300. In either case, the water district or water association shall not, as a result of the water line extension or improvement project, increase rates to its customers.

2006 Ky. Acts Chapter 252.⁵

Based upon our review of this Act and the application, the Commission finds that:

1. Cumberland District will not, as a result of the proposed water main extension project, incur obligations that will require Commission approval pursuant to KRS 278.300.

2. Cumberland District will not, as a result of the proposed water main extension project, increase its rates for water service to its customers.

3. Provided that construction of the proposed water main extension project commences prior to July 1, 2008, the proposed project is exempt from any requirement to obtain a Certificate.

IT IS THEREFORE ORDERED that:

1. Cumberland District's application is denied as moot.


2. Subject to the filing of a timely petition for rehearing pursuant to KRS 278.400, these proceedings are closed. The Executive Director shall place any future filings in the appropriate utility's general correspondence file or shall docket the filing as a new proceeding.

⁵ The provisions of this Act temporarily suspend any statutes that are in conflict with the Act's provisions. The Act expires at the end of the biennium, which is June 30, 2008. See also *Commonwealth Ex Rel. Armstrong v. Collins*, Ky., 709 S.W.2d 437 (1986).

Done at Frankfort, Kentucky, this 30th day of June, 2008.

By the Commission

ATTEST:



Stephanie Jenkins
Executive Director

Case No. 2008-00187

**CERTIFICATION OF DISTRICT CHAIRMAN REGARDING COMPLIANCE
WITH PUBLIC SERVICE COMMISSION REQUIREMENTS**

The undersigned certifies that he is the duly authorized and acting Chairman of the Cumberland County Water District (the "District") which intends to file with the Public Service Commission of Kentucky ("PSC") a Petition seeking a Certificate of Public Convenience and Necessity in connection with the construction of improvements to the District's water distribution system, consisting of storage tank renovation and distribution system upgrades ("Project").

The undersigned has executed this Certificate in reliance upon information and advice of Monarch Engineering, Inc., Lawrenceburg, Kentucky (the "Engineers") which firm has been retained by the District to provide engineering services in connection with the Project.

The undersigned states that the proposed plans and specifications for the Project have been designed to meet the minimum construction and operating requirements established 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.

The undersigned states that all other State approvals or permits have been or will be obtained.

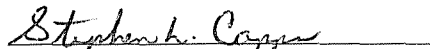
The undersigned further certifies that the Project is to be financed through the application of a Loan in the amount of \$415,000 and a Grant in the amount of \$295,000 from the US Department of Agriculture, Rural Development ("USDARD").

Based upon the information supplied by the Engineers, it is estimated that construction of the Project will commence on or about June 1, 2009 and end on or about December 1, 2009.

Based upon the advice of the Engineers, the undersigned believes that an increase in water rates will be required by the District, as existing rates are estimated to be insufficient to meet the expenses incident to the operation and maintenance of the District's water distribution system and pay and retire all of the District's outstanding Water Revenue Bonds.

Dated this 6th day of April, 2009.

CUMBERLAND COUNTY WATER DISTRICT


Stephen L. Capps
Chairman



**United States Department of Agriculture
Rural Development**
Kentucky State Office

March 20, 2009

Mr. Stephen Capps, Chairman
Cumberland County Water District
1236 Columbia Road
Burkesville, Kentucky 42717

Re: Letter of Conditions Dated December 16, 2005

Dear Mr. Capps:

This letter shall serve as Amendment No. 1 to the Letter of Conditions dated December 16, 2005. The purpose of this amendment is to revise the project funding and user rates.

The Second Paragraph on Page 1 is revised to read as follows:

“ This letter is not to be considered as loan and/or grant 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 \$415,000 and a RUS grant not to exceed \$295,000.

Paragraph numbered “1” is revised to read as follows:

“ 1. Number of Users and Their Contribution:

There shall be 2,290 water users, all of which are existing users of the system. The Area Director will review and authenticate the number of users prior to advertising for construction bids. ”

Paragraph numbered “24” is revised to read as follows:

“ 24. Cost of Facility:

Breakdown of Costs:

Development	\$ 574,828
Legal and Administrative	10,000
Engineering	55,172
Interest	10,000
Contingencies	<u>60,000</u>
TOTAL	\$ 710,000

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1400 Independence Avenue, SW, Washington, DC 20250-9410
or call (800) 795-3272 (voice) or (202) 720-6382 (TDD).

Financing:

RUS Loan		\$ 415,000	
RUS Grant		<u>295,000</u>	
	TOTAL	\$ 710,000	”

Paragraph numbered “25” is deleted from the referenced Letter of Conditions.

Paragraph numbered “28” is revised to read as follows:

“ 28. 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” Meter:

First	2,000	gallons @ \$	16.99. - Minimum Bill.
Next	3,000	gallons @ \$	6.95. - per 1,000 gallons.
Next	5,000	gallons @ \$	5.75. - per 1,000 gallons.
All Over	10,000	gallons @ \$	4.65. - per 1,000 gallons.

1” Meter:

First	5,000	gallons @ \$	37.39. - Minimum Bill.
Next	5,000	gallons @ \$	5.75. - per 1,000 gallons.
All Over	10,000	gallons @ \$	4.65. - per 1,000 gallons.

1 ½” Meter:

First	12,500	gallons @ \$	76.64. - Minimum Bill.
All Over	12,500	gallons @ \$	4.65. - per 1,000 gallons.

2” Inch Meter:

First	25,000	gallons @ \$	135.14. - Minimum Bill.
All Over	25,000	gallons @ \$	4.65. - per 1,000 gallons.

All other provisions of the referenced Letter of Conditions remain in full force and unchanged.

Sincerely,



VERNON C. BROWN

Acting State Director

cc: Area Director - Columbia, Kentucky
Lake Cumberland ADD – Russell Springs, Kentucky
Harlan E. Judd - Burkesville, Kentucky
Henry M. Reed - Louisville, Kentucky
Monarch Engineering - Lawrenceburg, Kentucky
PSC - ATTN: Dennis Jones - Frankfort, Kentucky

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT

LETTER OF INTENT TO MEET CONDITIONS

Date _____

TO: Rural Development
United States Department of Agriculture
957 Campbellsville Rd
Columbia KY 42728

(Office Address)

We have reviewed and understand the conditions set forth in your letter dated _____
3/20/2009

It is our intent to meet all of them not later than 6/20/2009

We are also requesting that we be given the interest rate in effect at the time of loan approval or at the time of loan closing, whichever is lower. In other words, we want the lowest interest rate possible.

Cumberland County Water District

(Name of Association)

BY _____
Stephen Capps
Chairman

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0015. The time required to complete this information collection is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.



**United States Department of Agriculture
Rural Development
Kentucky State Office**

December 16, 2005

Mr. Stephen Capps, Chairman
Cumberland County Water District
1236 Columbia Road
Burkesville, Kentucky 42717

Dear Mr. Capps:

This letter establishes conditions which must be understood and agreed to by you before further consideration may be given to the application. The loan and/or grant 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 and/or grant 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 \$415,000, a RUS grant not to exceed \$295,000, and a Tobacco Settlement grant in the amount of \$1,177,000, and no applicant cash contribution.

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 240 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:

771 Corporate Drive • Suite 200 • Lexington, KY 40503
Phone: (859) 224-7300 • Fax: (859) 224-7425 • TDD: (859) 224-7422 • Web: <http://www.rurdev.usda.gov/ky>

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1. Number of Users and Their Contribution:

There shall be 2,290 water users, of which 2,267 are existing users and 23 are new users contributing \$6,900 in connection fees toward the cost of the project. The connection fees will be collected prior to advertising for construction bids and will be placed in the construction account at loan pre-closing, unless spent for authorized purposes prior to loan pre-closing. The Area Director will review and authenticate the number of users and amount of connection fees prior to advertising for construction bids.

2. Grant Agreement:

Attached is a copy of RUS Bulletin 1780-12, "Water and Waste System Grant Agreement," for your review. You will be required to execute a completed form at the time of grant closing.

3. Drug-Free Work Place:

Prior to grant approval, the District will be required to execute Form AD-1049, "Certification Regarding Drug-Free Workplace Requirements (Grants) Alternative I - For Grantees Other Than Individuals."

4. 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 for a period in excess of two years from the date of the bond. 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.

5. Recommended Repayment Method:

Payments on this loan can 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 SF 5510, "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.

6. Reserve Accounts:

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

The District will be required to deposit \$190 per month into a "Funded Depreciation Reserve Account" until the account reaches \$22,208. The deposits are to be resumed any time the account falls below the \$22,208.

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 \$375 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 water system.

7. Security Requirements:

A pledge of gross water revenue will be provided in the Bond Resolution. 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.

8. 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.

9. Organization:

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

10. 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, bookkeeping, making and delivering required reports and audits.

11. 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) in accordance with subsection 1780.47 of RUS Instruction 1780 and RUS Staff Instruction 1780-4, a copy of which is enclosed.

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

The District will accomplish audits in accordance with OMB Circular A-133, during the years in which federal funds are received. The District will provide copies of the audits to the Area Office and the appropriate Federal cognizant agency as designated by OMB Circular A-133.

13. 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 \$182,000.
- 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 a special flood and mudslide prone areas.

14. 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 "24" of this letter. The engineer may then proceed to develop final plans and specifications to be completed no later than 210 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 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 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.

15. 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.

Rural Development financial programs must be extended without regard to race, color, religion, sex, national origin, marital status, age, or physical or mental handicap.

16. 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.

17. 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.

18. Treatment Plant/System Operator:

The District is reminded that the treatment plant and/or system operator must have an Operator's Certificate issued by the State.

19. 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."

20. 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.

21. 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.

22. 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.

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 Board of Directors 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.

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

23. Disbursement of Grant Funds:

The RUS funds will be advanced as they are needed in the amount(s) necessary to cover the RUS proportionate share of obligations due and payable by the District. Grant funds, upon receipt, must be deposited in an interest bearing account in accordance with 7 CFR part 3016 (as applicable). Interest earned on grant funds in excess of \$100 (as applicable) per year will be submitted to RUS at least quarterly.

24. Cost of Facility:

Breakdown of Costs:

Development	\$ 1,483,500
Legal and Administrative	20,000
Engineering	213,000
Interest	20,000
Contingencies	<u>157,400</u>
TOTAL	\$ 1,893,900

Financing:

RUS Loan	\$ 415,000
RUS Grant	295,000
Tobacco Settlement Grant	1,177,000
Connection Fees	<u>6,900</u>
TOTAL	\$ 1,893,900

25. Commitment of Other Project Funds:

This Letter of Conditions is issued contingent upon a firm commitment being in effect prior to advertising for construction bids for the Tobacco Settlement grant in the amount of \$1,177,000.

26. Use of Remaining Project Funds:

The connection fees shall be considered as the first funds expended. After providing for all authorized costs, any remaining project funds will be considered to be RUS/Tobacco Settlement grant funds and refunded in proportion to participation in the project. If the amount of unused project funds exceeds the grants, that part would be RUS loan funds.

27. 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.

28. 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" Meter:

First	2,000	gallons @ \$	16.48 - Minimum Bill.
Next	3,000	gallons @ \$	6.90 - per 1,000 gallons.
Next	5,000	gallons @ \$	5.70 - per 1,000 gallons.
All Over	10,000	gallons @ \$	4.60 - per 1,000 gallons.

1" Meter:

First	5,000	gallons @ \$	36.88 - Minimum Bill.
Next	5,000	gallons @ \$	5.70 - per 1,000 gallons.
All Over	10,000	gallons @ \$	4.60 - per 1,000 gallons.

1 1/2" Meter:

First	12,500	gallons @ \$	76.13 - Minimum Bill.
All Over	12,500	gallons @ \$	4.60 - per 1,000 gallons.

2" Meter:

First	25,000	gallons @ \$	134.63 - Minimum Bill.
All Over	25,000	gallons @ \$	4.60 - per 1,000 gallons.

29. 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.

30. Compliance with the Bioterrorism Act:

Prior to pre-closing the loan, the District will provide a certification they have completed a Vulnerability Assessment (VA) and prepared an emergency response plan (ERP) as required by the Safe Drinking Water Act (SDWA).

31. 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.

32. Water Withdrawal Permit:

The District will be required to obtain satisfactory evidence that a revised water withdrawal permit has been secured from the Division of Water. The permit must be obtained prior to the commencement of construction on the water project.

33. Mitigation Measures:

- A. The project shall be in compliance with all requirements noted in the Governor's Office for Local Development letter dated March 24, 2005, from Mr. Ronald W. Cook, Manager.
- B. The design and construction shall be in compliance with the requirements of the U.S. Fish and Wildlife Service as requested by letter dated September 27, 2005, and signed by Virgil Lee Andrews, Jr., Field Supervisor.
- C. The line design and construction shall be accomplished in a way that will leave flood plains and farmland without affect after construction is complete. The Army Corps of Engineers Nationwide Permit No. 12 applies to all floodplain and wetland utility line construction.
- 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.

34. 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,


KENNETH SLONE
State Director

Enclosures

cc: Area Director - Columbia, Kentucky
Rural Development Manager - Columbia, Kentucky
Lake Cumberland ADD - Russell Springs, Kentucky
Harlan E. Judd - Burkesville, Kentucky
✓ Henry M. Reed - Louisville, Kentucky
Monarch Engineering - Lawrenceburg, Kentucky
PSC - ATTN: Bob Amato - Frankfort, Kentucky



United States Department of Agriculture
Rural Development
Kentucky State Office

March 11, 2009

SUBJECT: Cumberland County Water District
Water System Improvements
Contract Award Concurrence

TO: Area Director
Columbia, Kentucky

Based on the bids received and the recommendation of the consulting engineer, Rural Development concurs in the award of subject contract to the low bidder, Caldwell Tanks, Inc., in the amount of \$262,108.80.

If you have any questions, please contact Julie Anderson, State Engineer, at (859) 224-7348.


VERNON BROWN
Acting State Director
Rural Development

cc: Monarch Engineering, Inc.
Lawrenceburg, Kentucky

~~Reed Law Office~~
Louisville, Kentucky

771 Corporate Drive • Suite 200 • Lexington, KY 40503
Phone: (859) 224-7300 • Fax: (859) 224-7425 • TDD: (859) 224-7422 • Web: <http://www.rurdev.usda.gov/ky>

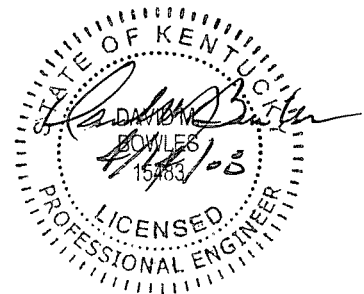
Committed to the future of rural communities.

"USDA is an equal opportunity provider, employer and lender."
To file a complaint of discrimination write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, DC 20250-9410 or call (202) 720-5964 (voice or TDD).

**PRELIMINARY ENGINEERING REPORT
FOR THE
CUMBERLAND COUNTY WATER DISTRICT
CUMBERLAND COUNTY, KENTUCKY**

**COUNTY WIDE WATER SYSTEM EXTENSIONS &
IMPROVEMENTS**

MARCH 2005



**PRELIMINARY ENGINEERING REPORT
FOR THE
CUMBERLAND COUNTY WATER DISTRICT
CUMBERLAND COUNTY, KENTUCKY**

**COUNTY WIDE WATER SYSTEM EXTENSIONS &
IMPROVEMENTS**

I. GENERAL

This Preliminary Engineering Report is intended to analyze the proposed water distribution system extensions and improvements that are being planned by the Cumberland County Water District to serve 23 first time customers with potable drinking water and to upgrade or replace undersized water lines in six areas of Cumberland County. The new customers to be served are all residential. In addition, this project proposes upgrade four water storage tanks; install a new 300,000 gallon elevated water storage tank, and five new master meters and appurtenances.

The Cumberland County Water District provides water service to nearly 2,200 residential and nonresidential customers throughout Cumberland County. The District owns and operates a water treatment plant which is located near the Leslie community.

Included in this report are maps of the proposed service area showing the intended routes of the water lines, and the location of major appurtenances. In addition, project cost estimates are included which outline all costs associated with the water plant and water line improvements that are planned. Rural Development "Kentucky Guide 7" will be submitted at a later date and the information that will be contained in the guide will analyze the capability of the Water District to execute this project by evaluating the financial status of the District along with a review of the operation of the District.

II. PROJECT PLANNING AREA

The Cumberland County Water District owns and operates a water distribution system that serves all of Cumberland County with the exception of the City of Burkesville. Formed by the merger of the old South Cumberland Water District which served the southern portion of Cumberland County along with the old Marrowbone Water District which served the northern portion, parts of the water system have been in operation for over 40 years. The project proposes to install a new 300,000 gallon elevated water storage tank to be constructed along an existing 100,000 gallon tank at the Kentucky Highway 449 location. Renovation in the form of painting the interior and exterior surfaces of the remaining four storage tanks is planned. These tanks are referred to and

located at Marrowbone, Allens Creek, Highway 1880, and Highway 61. Along with the tank improvements, six areas are slated to be upgraded with larger water lines to replace the undersized existing 2-inch lines. Those areas are Leatherwood Road, Highway 100 Connector, Highway 449 Transmission Main that will connect to the new water tank, Dutch Creek, Pitman Creek, and Mud Camp Community. In addition, 23 new customers will be receiving water for the first time and they reside in the Dug Hollow Road, Williams Creek, West Fork Road, and Howard Spears Road communities. The final portion of work planned is the installation of five master meters to be strategically placed to assist the District in the maintaining water loss at an acceptable level. These areas are outlined on the attached maps.

Topography of the area near the Cumberland River is typically river bottom with a steep ridge that overlooks these river areas. The land use in these areas is mainly agricultural with some light timber harvesting in the steeper sloped areas. Within the proposed water line extension and improvement areas there are no commercial or industrial businesses expected.

The residents in the communities that have never been served by a public water system mostly rely on creeks, or community springs, which are known to be contaminated. There are no cisterns and thus there is no possibility that these residences can transport their water by commercial water haulers. People in these areas carry water to their homes by means of barrels, buckets, jugs, old milk cartons, or other containers. They often make daily trips to the nearest water source, none of which are monitored by an approved health agency. It is not anticipated that a significant growth pattern will emerge as a result of the implementation of a domestic water supply but rather that the standard of living for those residents will be greatly improved.

III. EXISTING FACILITIES

The water treatment plant which is owned and operated by the Cumberland County Water District serves nearly 2,200 residential and nonresidential customers that reside throughout Cumberland County. The formation of the Cumberland County Water District is the result of a merger between the Marrowbone Water District and the South Cumberland Water District. The Cumberland River which lies generally east to west along center of the county served as the general boundary between the two water districts. The service area of the Marrowbone Water District was in the northern portion of the county and the South Cumberland Water District served the southern area of Cumberland County. The merger was completed in 1996 and as a part of the project that linked the two Districts together was a transmission water line that extended through the Jackson Hollow. Also included was an expansion at the water treatment plant which is located in the Marrowbone service area. The Water Districts were formed in 1960s and at that time the Marrowbone system constructed a water treatment plant to provide them water for their service area. The South Cumberland system opted to purchase all of its water for resale from the City of Burkesville.

As a result of the merger, the water treatment plant located near the Leslie community continues to provide water to all of the old Marrowbone system which is located north of the Cumberland River, and also to a portion of the old South Cumberland system. In addition, the old South Cumberland area continues to be supplied by the City of Burkesville. As a result of the merger of the two water districts, a new water purchase contract was negotiated between the City of Burkesville and the new Cumberland County Water District. The contract specified a maximum daily amount that could be purchased by the Water District.

The Water District operates the water system through a Board of Commissioners which consists of the chairman and four commissioners which are appointed by the Cumberland County Fiscal Court.

Information regarding the current rate structure, annual operation and maintenance data and a tabulation of the users for an annual period by monthly usage categories and revenue, will be analyzed in the Summary Addendum which will be included in the Kentucky Guide 7 (to be submitted at a later date).

IV. NEED FOR THE PROJECT

This project is intended to eliminate a serious health hazard in the communities in which it will serve by providing first time potable water service to those residents that reside within those communities. As mentioned earlier, the use of unsafe and potentially contaminated water for drinking and other vital human needs is prevalent. It is well known and confirmed by the local health agency that ground water, springs, and surface water from creeks and streams is unfit for human consumption.

This project is also intended to resolve deficiencies in the distribution system that have resulted in lower than expected supply pressures. An evaluation revealed that six areas of the water distribution system were being supplied with 2-inch water lines which were serving as transmission mains. In these areas and during peak demand, water pressures are extremely low and in some cases negative pressures could result which could lead to contamination by allowing ground water to enter into the system. It is not anticipated that a significant growth pattern will emerge as a result of a water line replacement but rather that the quantity and quality of the water supply will be greatly improved. By replacing the 2-inch water lines with 8-inch, 6-inch, 4-inch, and 3-inch water lines, the Water District will be able to supply a sufficient amount of water to meet the demands of their customers and reduce the risk of a potential health threat.

In order for the Water District to maintain the proper level of operation a new 300,000 gallon elevated water tank is to be constructed alongside an existing 100,000 gallon tank at the Highway 449 location. This existing tank is one of the first tanks built in the system and is strategically located such that a large portion of the water system depends

on water that is supplied from this tank. The existing tank indicates evidence that major repairs are eminent but with the development of a new tank at this site the expensive renovation could be avoided.

The four water storage tanks that are owned and operated by the Water District have begun to show signs of deterioration of the interior and exterior surfaces. The surface coatings have begun to show signs of weathering and require painting of the interior and the exterior.

Finally, in a continuing effort to address the water loss that the District experiences the project intends to install five master meters located at strategic points throughout the water system. These master meters will be used to obtain knowledge as to which portions of the water system are in satisfactory physical shape and which need further attention.

V. ALTERNATIVES CONSIDERED

Based on the fact that there are no other major potable water suppliers that are situated to serve the four areas in need of new water lines, the Cumberland County Water District is the only logical entity that is in position to provide water service. The Water District is regulated by the Kentucky Division of Water and also the Kentucky Public Service Commission, The City of Burkesville supplies water to the District and they along with the Water District are the only major public water suppliers in Cumberland County. Therefore, based on these factors, the proposed method of service is the only alternative that exists to adequately serve these residences that reside within the Dug Hollow Road, Williams Creek, West Fork Road, and Howard Spears Road communities.

In regard to the 2-inch water line replacements, which have resulted in low water pressures and potential health threats, the only alternative is to replace the these undersized lines with the proposed 8-inch, 6-inch, 4-inch, and 3-inch water lines.

VI. PROPOSED PROJECT

The proposed project consists of the installation of 52,000 LF of 3-inch water line to serve approximately 23 new customers. The project also includes the installation of 67,000 LF of 8-inch, 6-inch, 4-inch, and 3-inch water lines to upgrade existing service lines as well as the renovation of four existing water storage tanks, one new 300,000 gallon water storage tank, and the installation of five new master meters and appurtenances. An itemized cost estimate is included in this report and it outlines all of the individual construction items along with their associated estimated unit costs. A summary cost estimate summarizes all of the project costs and outlines the funding scheme for the project which is also included in this report.

This project proposes to serve new and existing customers with a sufficient and safe water supply in the areas in need of new water lines as well as those in need of water line replacement as shown on the attached maps. The current water system will continue to serve the Water District without over extending the capacity of the water supply and distribution system. The proposed water lines and water line replacements are planned to be installed adjacent to the public rights of ways and all residences interested in obtaining water service will be served by the new water lines.

The project cost has been estimated to be \$1,634,000 and the total project cost will be \$1,887,000. The Water District is proposing to finance the project through the upcoming proposed Kentucky State House Bill 395 which outlines an amount of \$1,177,000 for water system improvements to the District's system along with funds from the U.S.D.A.'s Rural Development program in the form of a grant in the amount of \$335,000 and also as a loan in the same amount of \$335,000.

VII. CONCLUSIONS AND RECOMMENDATIONS

Based on the desperate need for the residents in the communities to have a potable water supply it is recommended that the Cumberland County Water District pursue the financial assistance as outlined above in order that this unhealthy situation can be corrected. The Cumberland County Water District is the only major supplier of potable water within this rural area of Cumberland County and their system is situated such that these extensions and line replacements as proposed could be made without affecting service to their existing customers.

Consequently, once the extensions and improvements are completed, the availability of a quality water supply shall be increased, water purchases from the City of Burkesville will be in compliance with the Water Purchase Contract, and the replacement of the existing undersized services to the Leatherwood Road, Highway 100 Connector, Highway 449 Transmission Main that will connect to the new water tank, Dutch Creek, Pitman Creek, and Mud Camp areas shall provide a sufficient and safe water source for the area residents.

PRELIMINARY COST ESTIMATE
COUNTYWIDE WATER SYSTEM EXTENSIONS & IMPROVEMENTS
ITEMIZED SUMMARY
CUMBERLAND COUNTY WATER DISTRICT
DECEMBER 2004

ITEM	NEW USERS	COST
Leatherwood Road Replacement		\$95,000.00
Highway 100 Connector		72,000.00
Highway 449 Transmission Main		177,000.00
Dutch Creek Replacement		74,000.00
Pitman Creek Replacement		83,000.00
Mudcamp Replacement		80,000.00
Dug Hollow Road	5	\$26,000.00
Williams Creek	4	66,000.00
West Fork Road	9	158,000.00
Howard Spears Road	5	59,000.00
Highway 449 Water Storage Tank		\$388,000.00
Master Meters		48,000.00
Storage Tank Renovation		308,000.00
Total Construction & Contingency		\$1,634,000.00

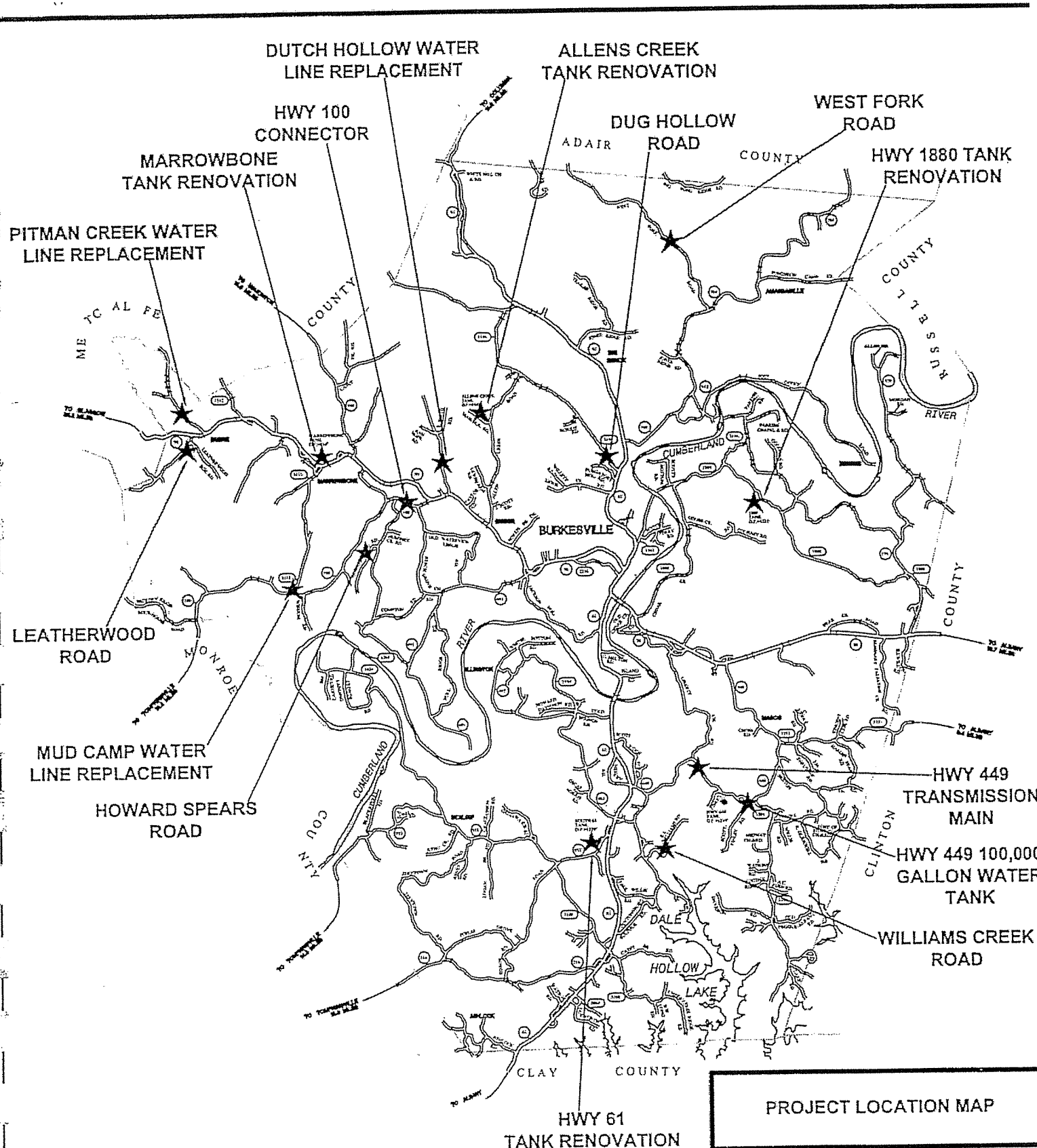
**PRELIMINARY COST ESTIMATE
COUNTYWIDE WATER SYSTEM EXTENSIONS & IMPROVEMENTS
CUMBERLAND COUNTY WATER DISTRICT
CUMBERLAND COUNTY, KENTUCKY
DECEMBER 2004**

PROJECT COSTS

DEVELOPMENT	\$1,483,500.00
CONTINGENCY	150,500.00
ENGINEERING	123,000.00
INSPECTION	65,000.00
LEGAL	20,000.00
INTEREST	20,000.00
ADDITIONAL ENGINEERING	25,000.00
	<hr/> <hr/>
TOTAL PROJECT COSTS	\$1,887,000.00

PROJECT FINANCING

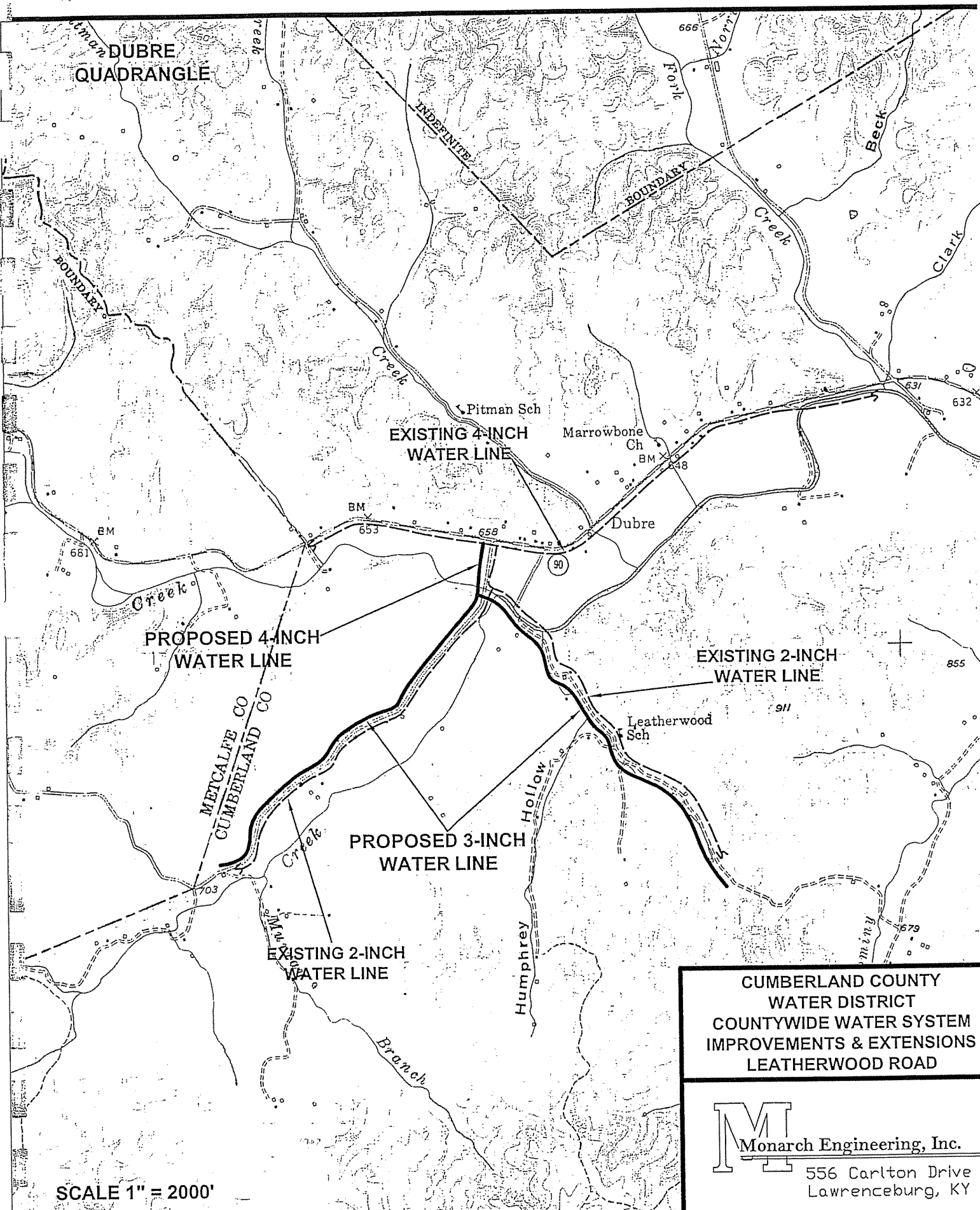
TOBACCO SETTLEMENT FUND	\$1,177,000.00
USDA GRANT	355,000.00
USDA LOAN	355,000.00
	<hr/> <hr/>
TOTAL PROJECT FINANCING	\$1,887,000.00



PROJECT LOCATION MAP

M
Monarch Engineering, Inc.
 556 Carlton Drive
 Lawrenceburg, KY

DUBRE
QUADRANGLE



EXISTING 4-INCH
WATER LINE

PROPOSED 4-INCH
WATER LINE

EXISTING 2-INCH
WATER LINE

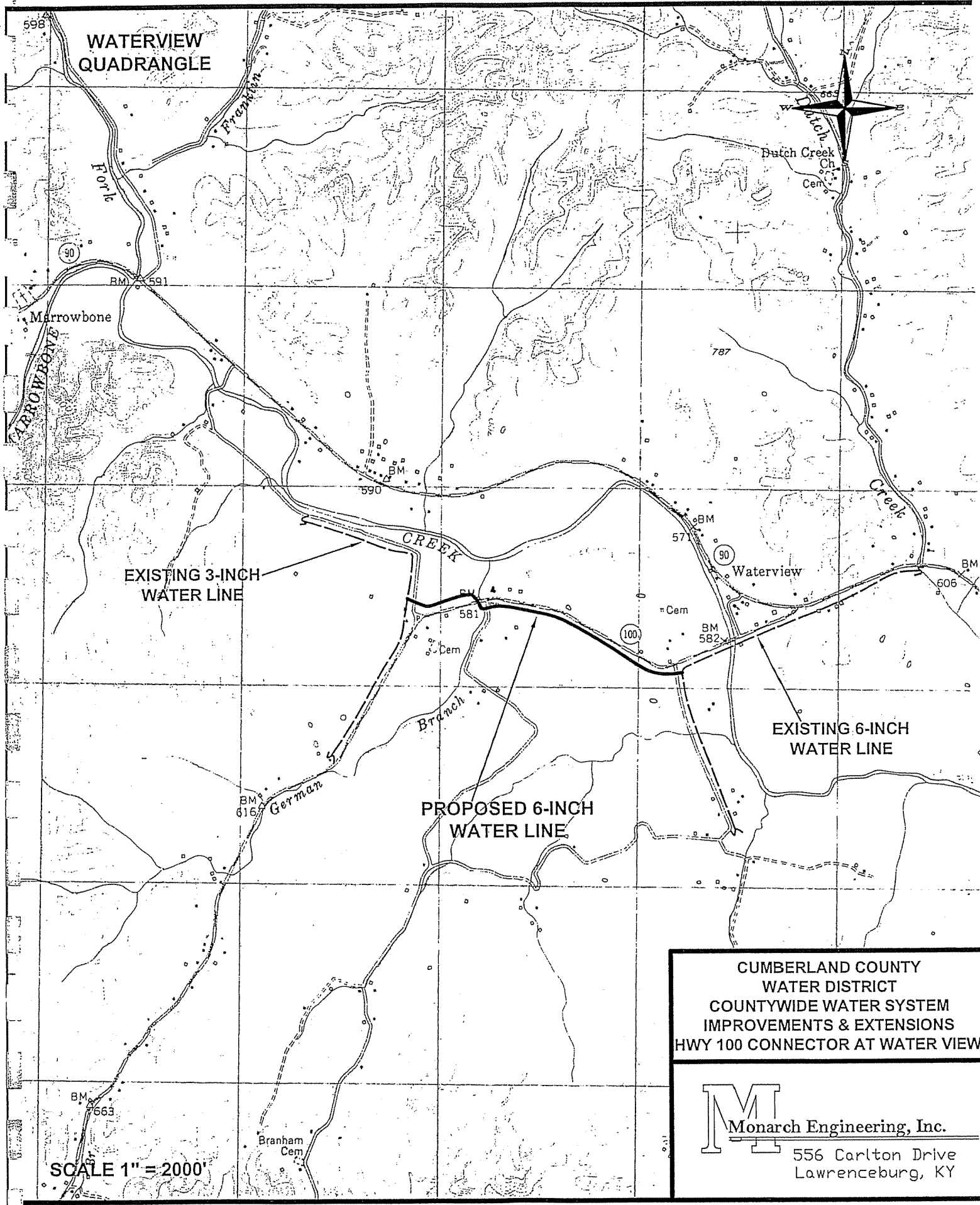
PROPOSED 3-INCH
WATER LINE

EXISTING 2-INCH
WATER LINE

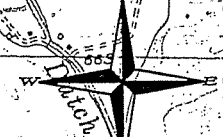
CUMBERLAND COUNTY
WATER DISTRICT
COUNTYWIDE WATER SYSTEM
IMPROVEMENTS & EXTENSIONS
LEATHERWOOD ROAD

M
Monarch Engineering, Inc.
556 Carlton Drive
Lawrenceburg, KY

SCALE 1" = 2000'



WATERVIEW QUADRANGLE



EXISTING 3-INCH WATER LINE

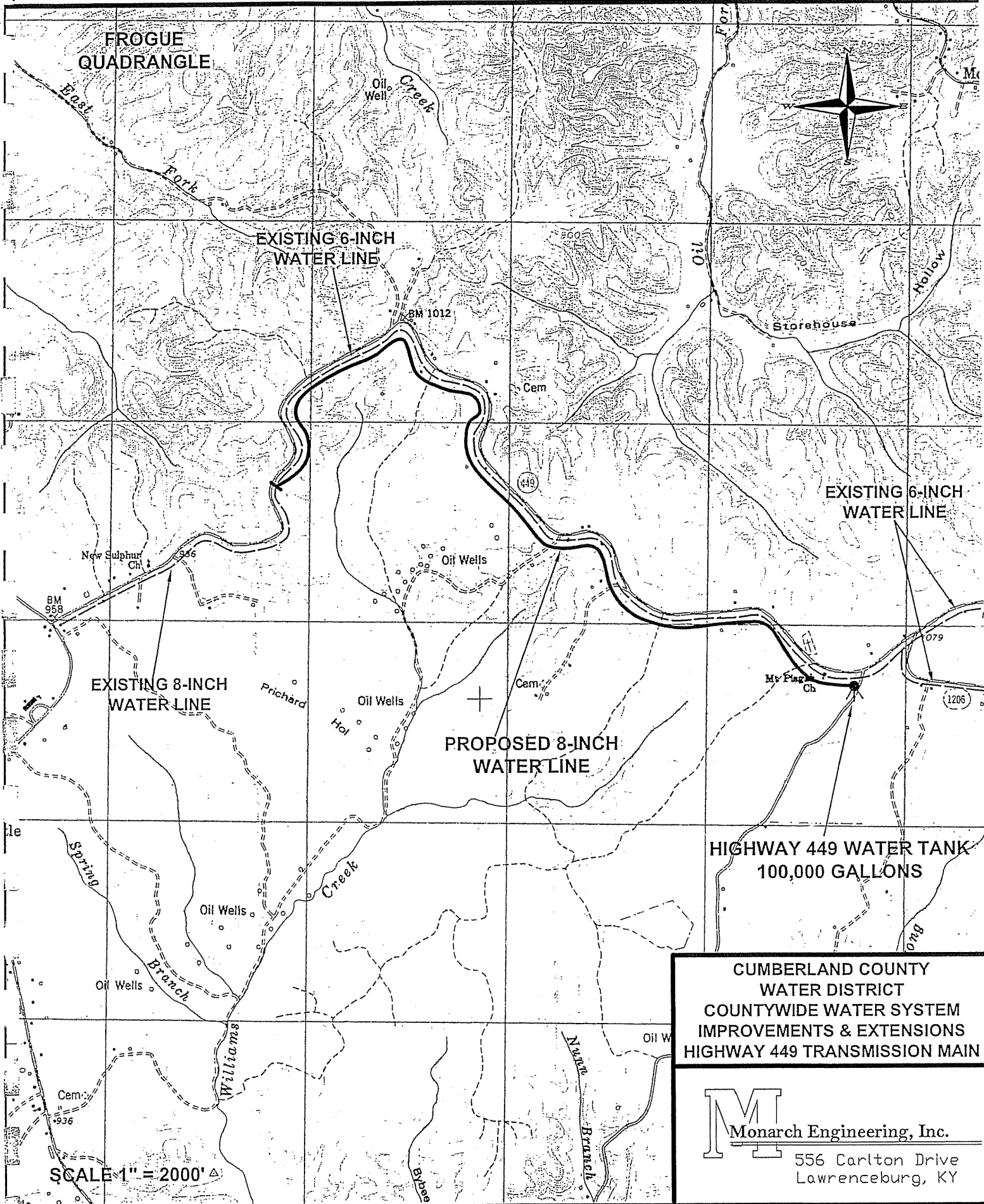
EXISTING 6-INCH WATER LINE

PROPOSED 6-INCH WATER LINE

**CUMBERLAND COUNTY
WATER DISTRICT
COUNTYWIDE WATER SYSTEM
IMPROVEMENTS & EXTENSIONS
HWY 100 CONNECTOR AT WATER VIEW**

M
Monarch Engineering, Inc.
556 Carlton Drive
Lawrenceburg, KY

SCALE 1" = 2000'



FROGUE
QUADRANGLE

EXISTING 6-INCH
WATER LINE

EXISTING 6-INCH
WATER LINE

EXISTING 8-INCH
WATER LINE

PROPOSED 8-INCH
WATER LINE

HIGHWAY 449 WATER TANK
100,000 GALLONS

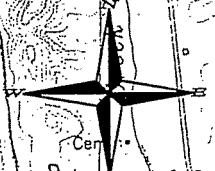
SCALE 1" = 2000' Δ

CUMBERLAND COUNTY
WATER DISTRICT
COUNTYWIDE WATER SYSTEM
IMPROVEMENTS & EXTENSIONS
HIGHWAY 449 TRANSMISSION MAIN

M
Monarch Engineering, Inc.

556 Carlton Drive
Lawrenceburg, KY

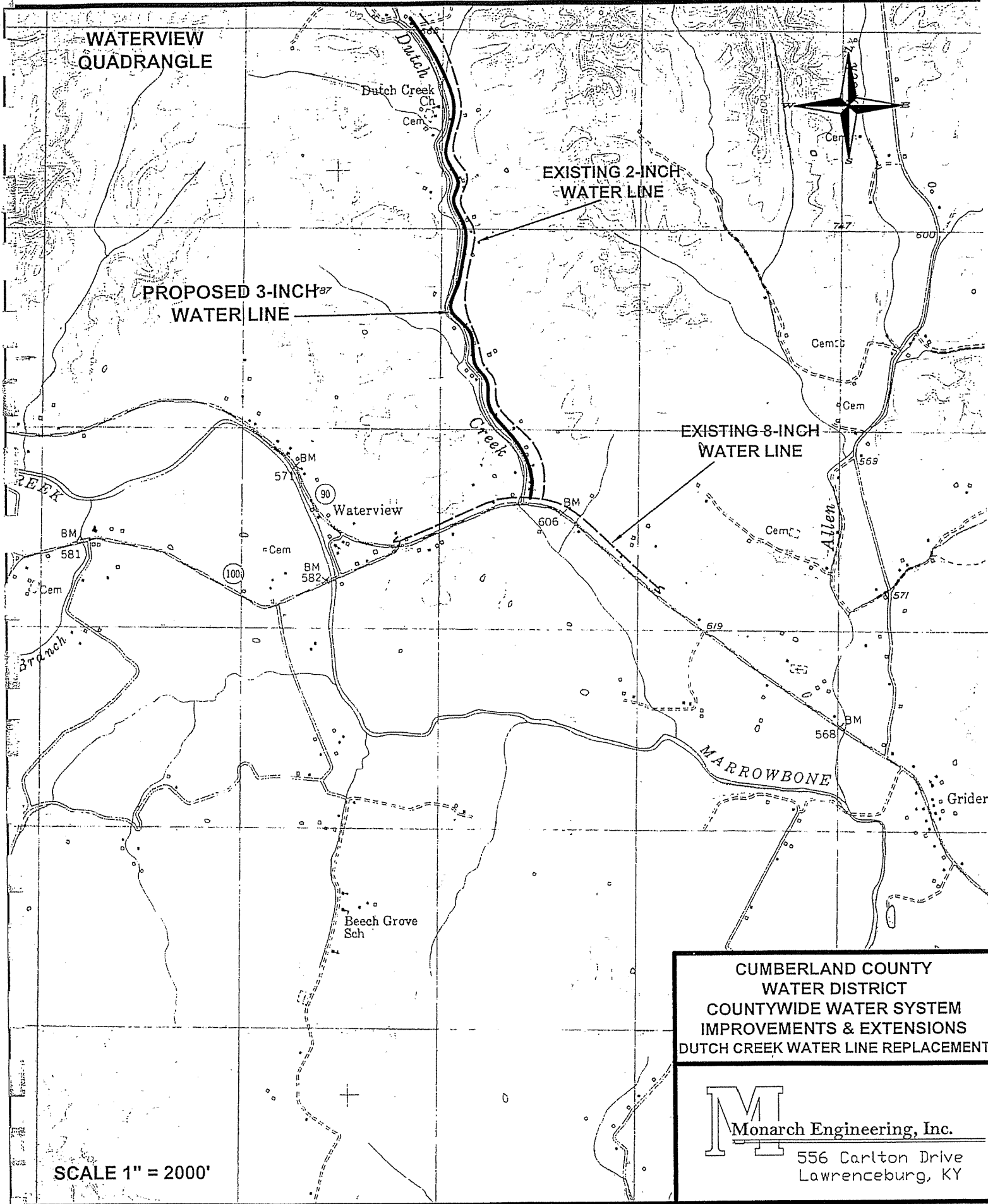
**WATERVIEW
QUADRANGLE**



**EXISTING 2-INCH
WATER LINE**

**PROPOSED 3-INCH⁸⁷
WATER LINE**

**EXISTING 8-INCH
WATER LINE**

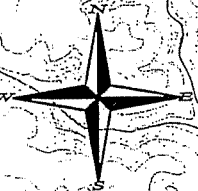


SCALE 1" = 2000'

**CUMBERLAND COUNTY
WATER DISTRICT
COUNTYWIDE WATER SYSTEM
IMPROVEMENTS & EXTENSIONS
DUTCH CREEK WATER LINE REPLACEMENT**

M
Monarch Engineering, Inc.
556 Carlton Drive
Lawrenceburg, KY

AMANDAVILLE
QUADRANGLE



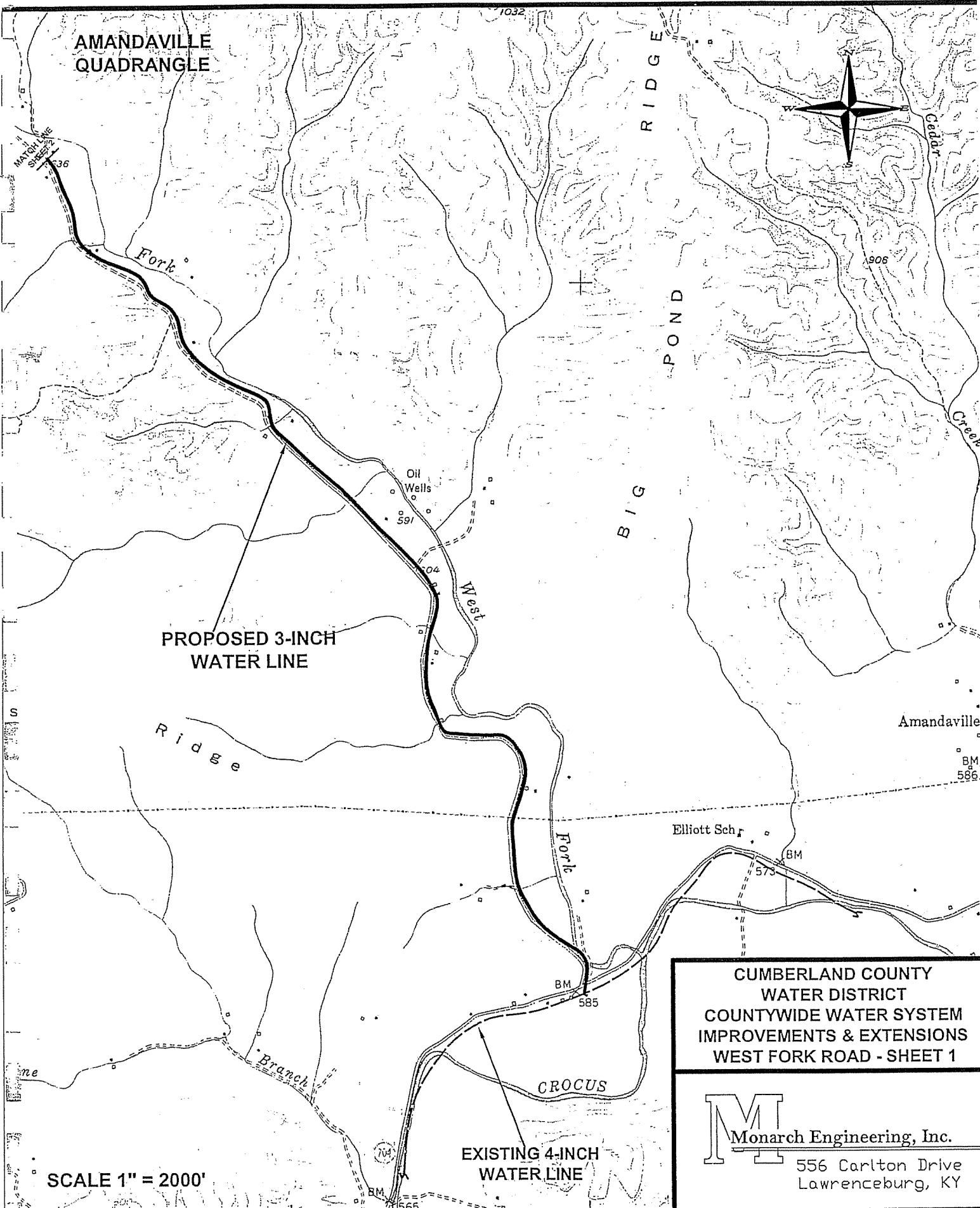
PROPOSED 3-INCH
WATER LINE

EXISTING 4-INCH
WATER LINE

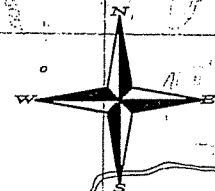
SCALE 1" = 2000'

CUMBERLAND COUNTY
WATER DISTRICT
COUNTYWIDE WATER SYSTEM
IMPROVEMENTS & EXTENSIONS
WEST FORK ROAD - SHEET 1

M
Monarch Engineering, Inc.
556 Carlton Drive
Lawrenceburg, KY



**WATERVIEW
QUADRANGLE**



**EXISTING 3-INCH
WATER LINE**

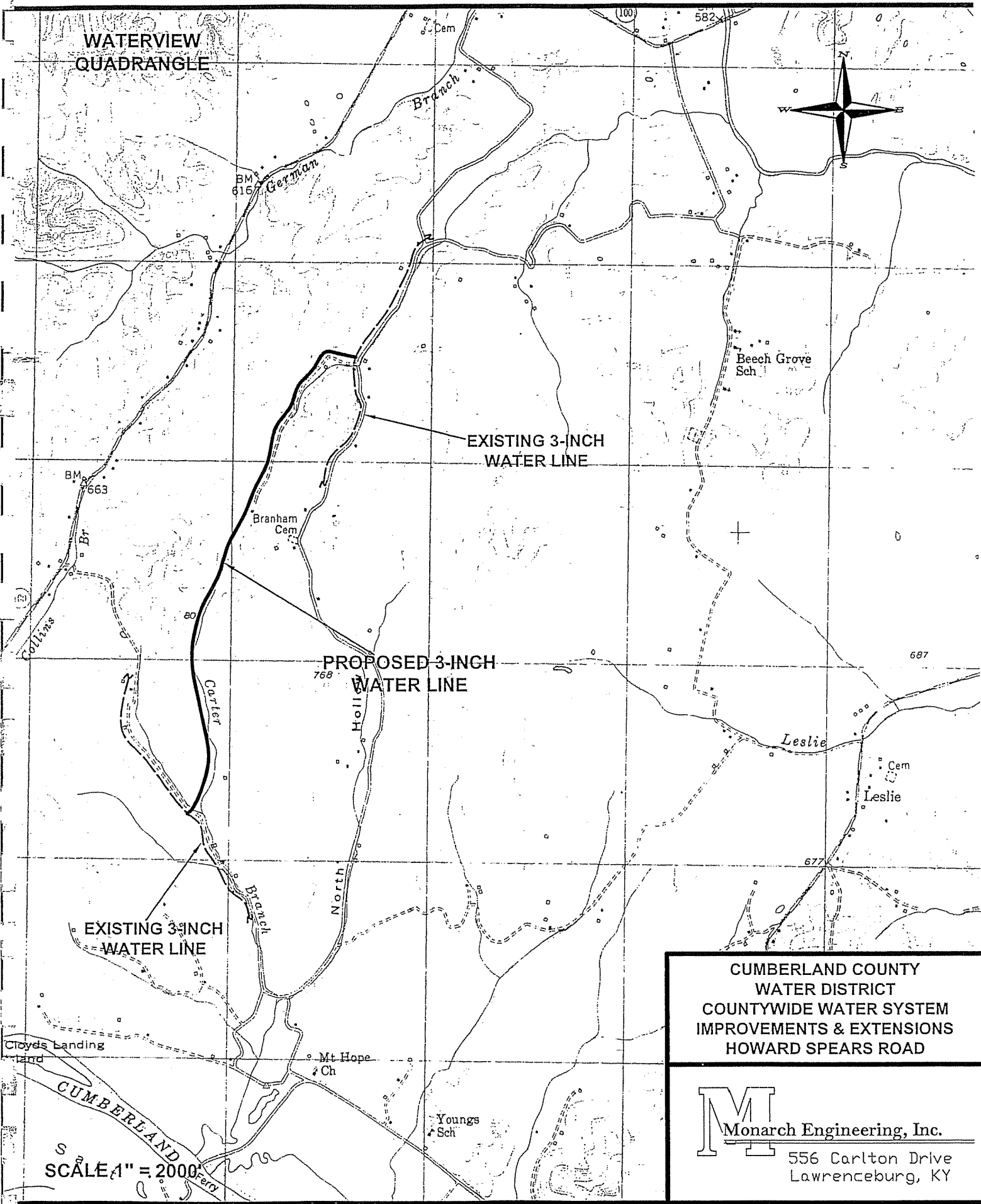
**PROPOSED 3-INCH
WATER LINE**

**EXISTING 3-INCH
WATER LINE**

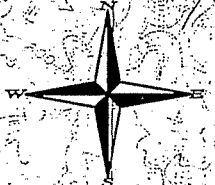
**CUMBERLAND COUNTY
WATER DISTRICT
COUNTYWIDE WATER SYSTEM
IMPROVEMENTS & EXTENSIONS
HOWARD SPEARS ROAD**

M
Monarch Engineering, Inc.
556 Carlton Drive
Lawrenceburg, KY

SCALE 1" = 2000'



985
**WATERVIEW
QUADRANGLE**



Allen
R I D G E

**ALLEN CREEK
TANK RENOVATION**

Sugar Grove
Sch

Dutch Creek
Cave

Dutch Creek
Ch.
Cem.

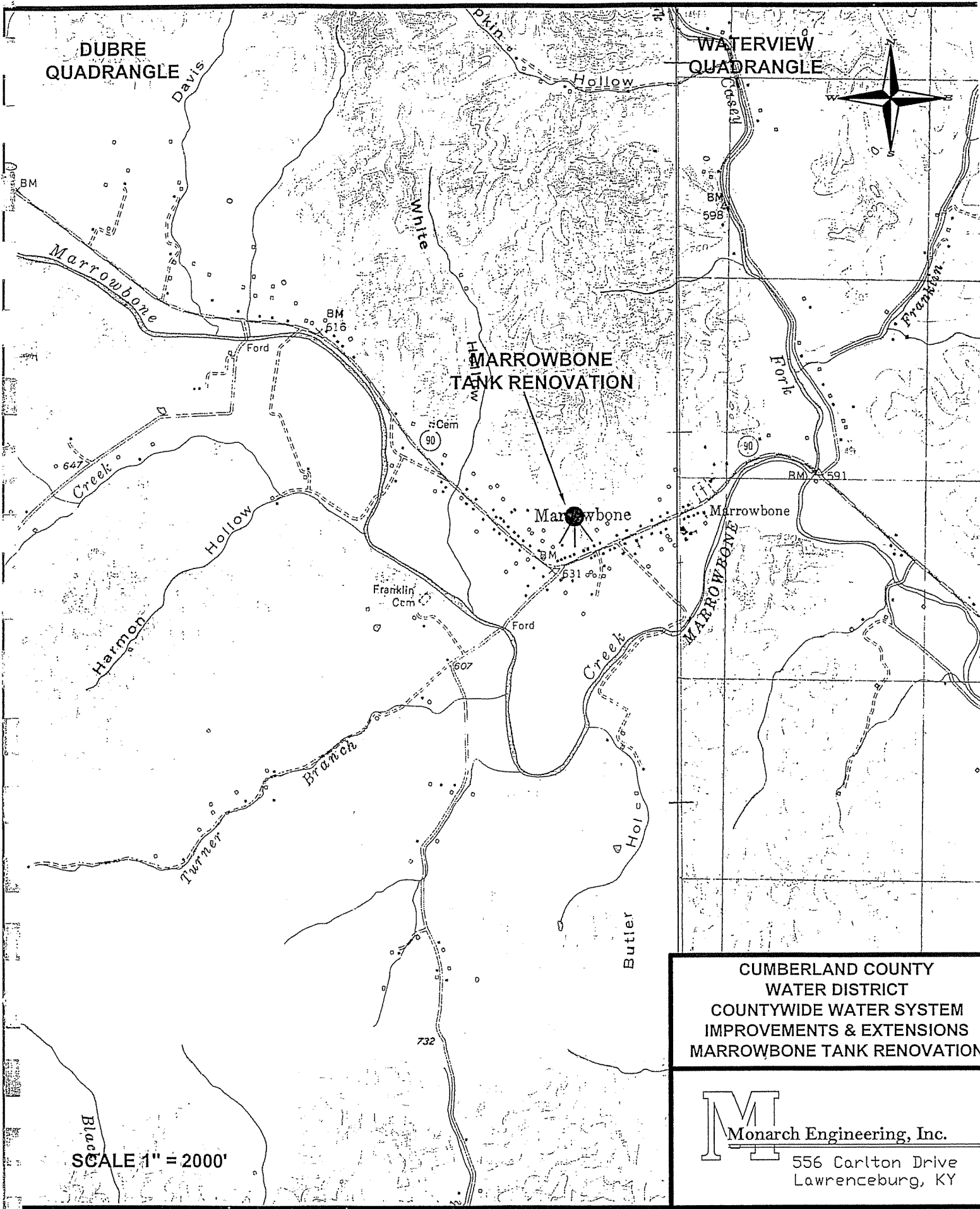
SCALE 1" = 2000'

**CUMBERLAND COUNTY
WATER DISTRICT
COUNTYWIDE WATER SYSTEM
IMPROVEMENTS & EXTENSIONS
ALLEN CREEK TANK RENOVATION**



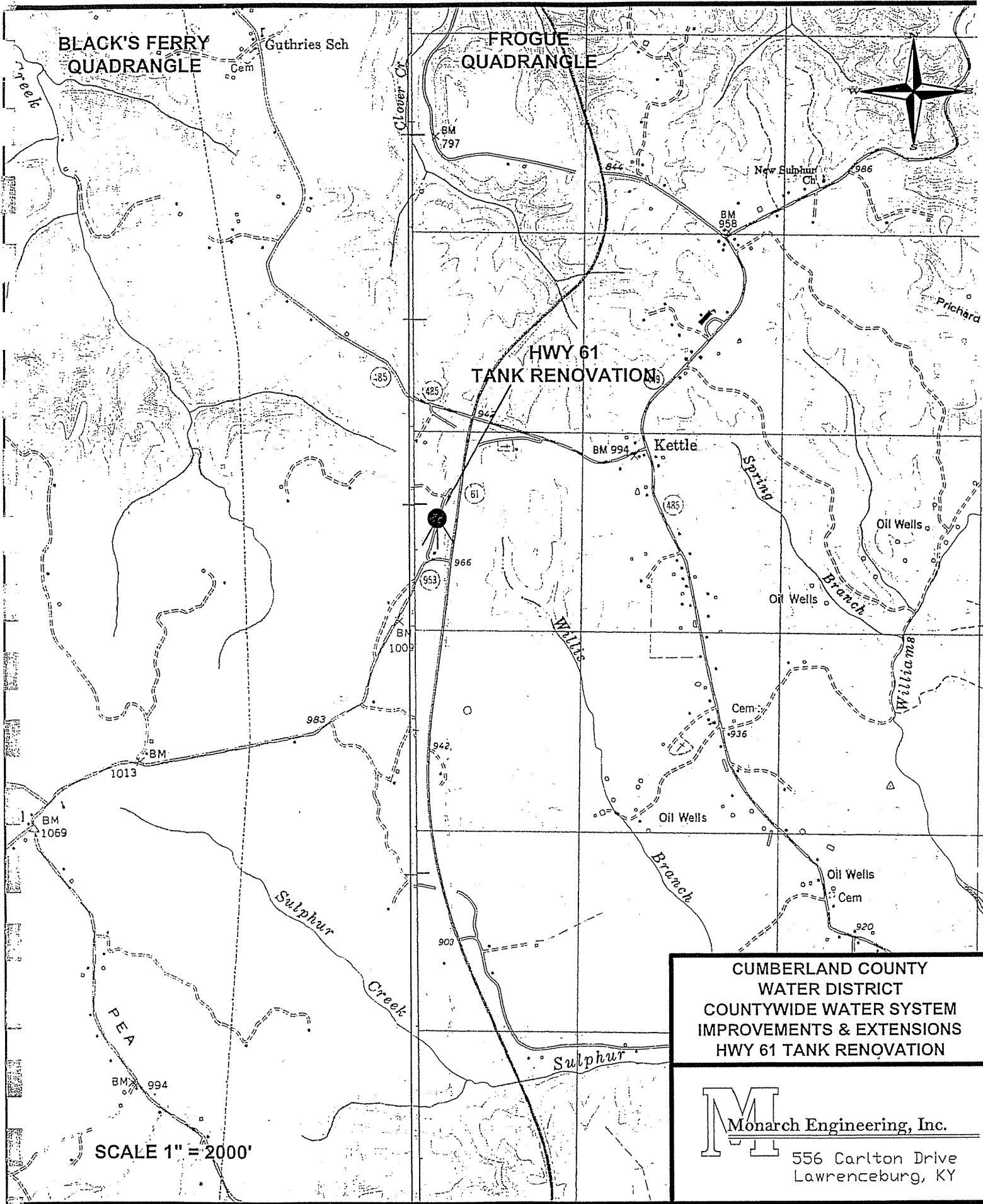
Monarch Engineering, Inc.

556 Carlton Drive
Lawrenceburg, KY



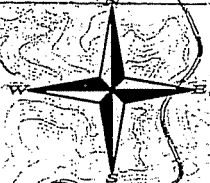
CUMBERLAND COUNTY
WATER DISTRICT
COUNTYWIDE WATER SYSTEM
IMPROVEMENTS & EXTENSIONS
MARROWBONE TANK RENOVATION

M
Monarch Engineering, Inc.
556 Carlton Drive
Lawrenceburg, KY



BLACK'S FERRY
QUADRANGLE

FROGUE
QUADRANGLE



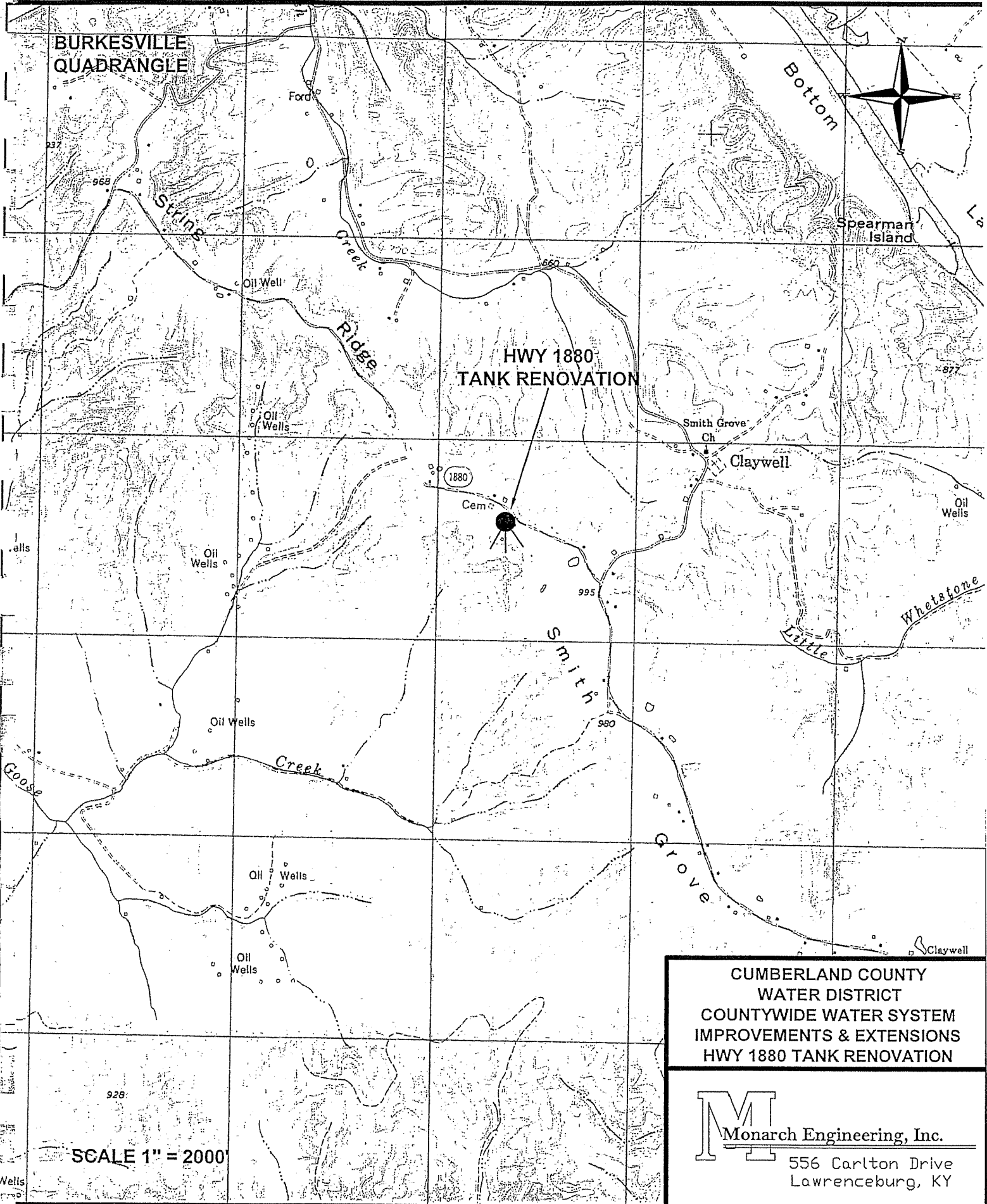
HWY 61
TANK RENOVATION

CUMBERLAND COUNTY
WATER DISTRICT
COUNTYWIDE WATER SYSTEM
IMPROVEMENTS & EXTENSIONS
HWY 61 TANK RENOVATION

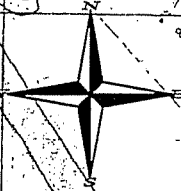
M Monarch Engineering, Inc.

556 Carlton Drive
Lawrenceburg, KY

SCALE 1" = 2000'



BURKESVILLE
QUADRANGLE



HWY 1880
TANK RENOVATION

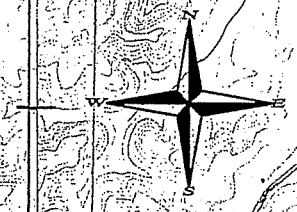
CUMBERLAND COUNTY
WATER DISTRICT
COUNTYWIDE WATER SYSTEM
IMPROVEMENTS & EXTENSIONS
HWY 1880 TANK RENOVATION

M
Monarch Engineering, Inc.
556 Carlton Drive
Lawrenceburg, KY

SCALE 1" = 2000'

DUBRE
QUADRANGLE

WATERVIEW
QUADRANGLE



EXISTING 4-INCH
WATER LINE

PROPOSED 4-INCH
WATER LINE

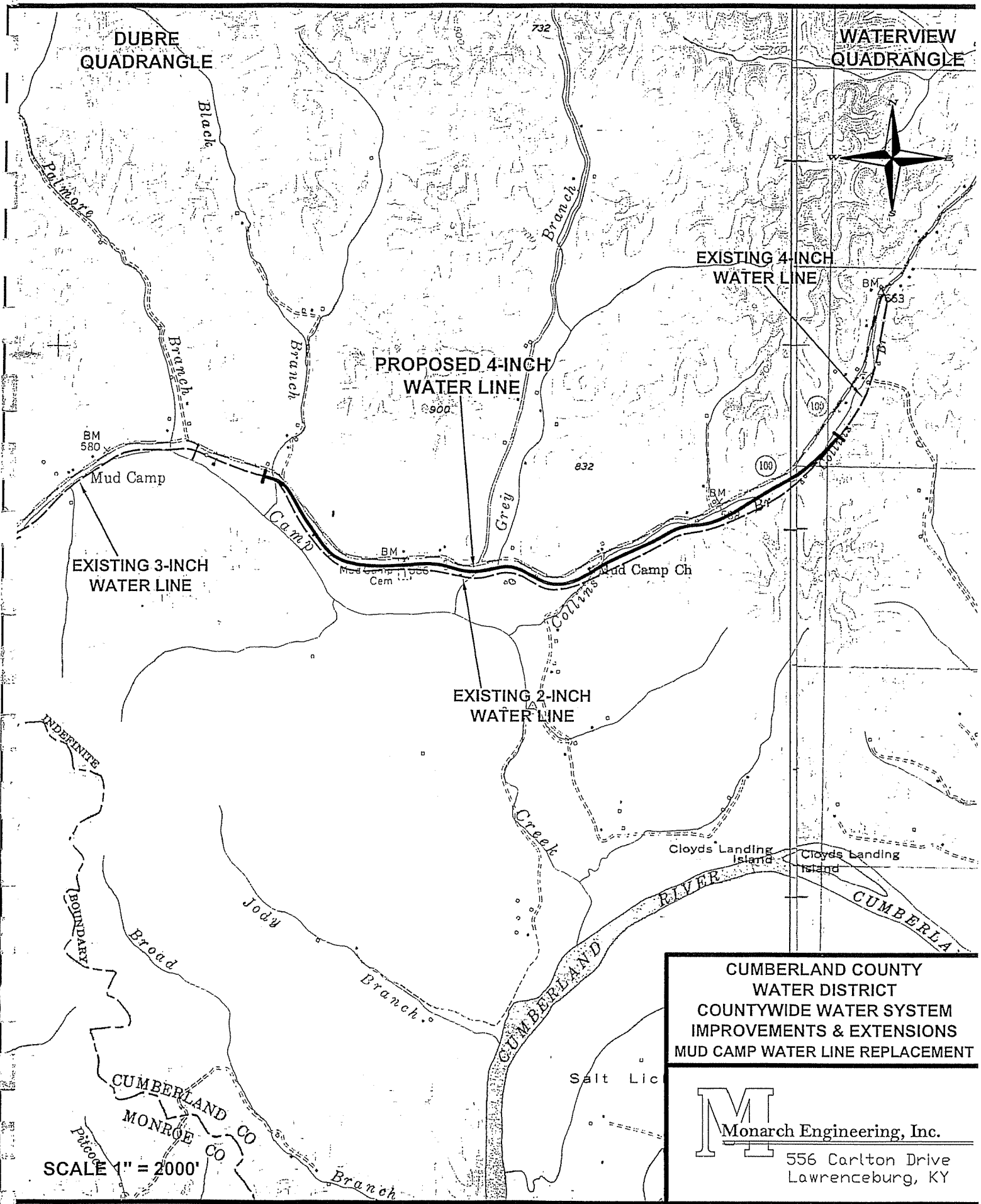
EXISTING 3-INCH
WATER LINE

EXISTING 2-INCH
WATER LINE

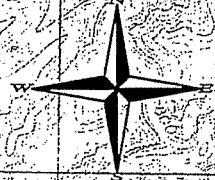
CUMBERLAND COUNTY
WATER DISTRICT
COUNTYWIDE WATER SYSTEM
IMPROVEMENTS & EXTENSIONS
MUD CAMP WATER LINE REPLACEMENT

M
Monarch Engineering, Inc.
556 Carlton Drive
Lawrenceburg, KY

SCALE 1" = 2000'



**WATERVIEW
QUADRANGLE**



**EXISTING 6-INCH
WATER LINE**

**PROPOSED 3-INCH
WATER LINE**

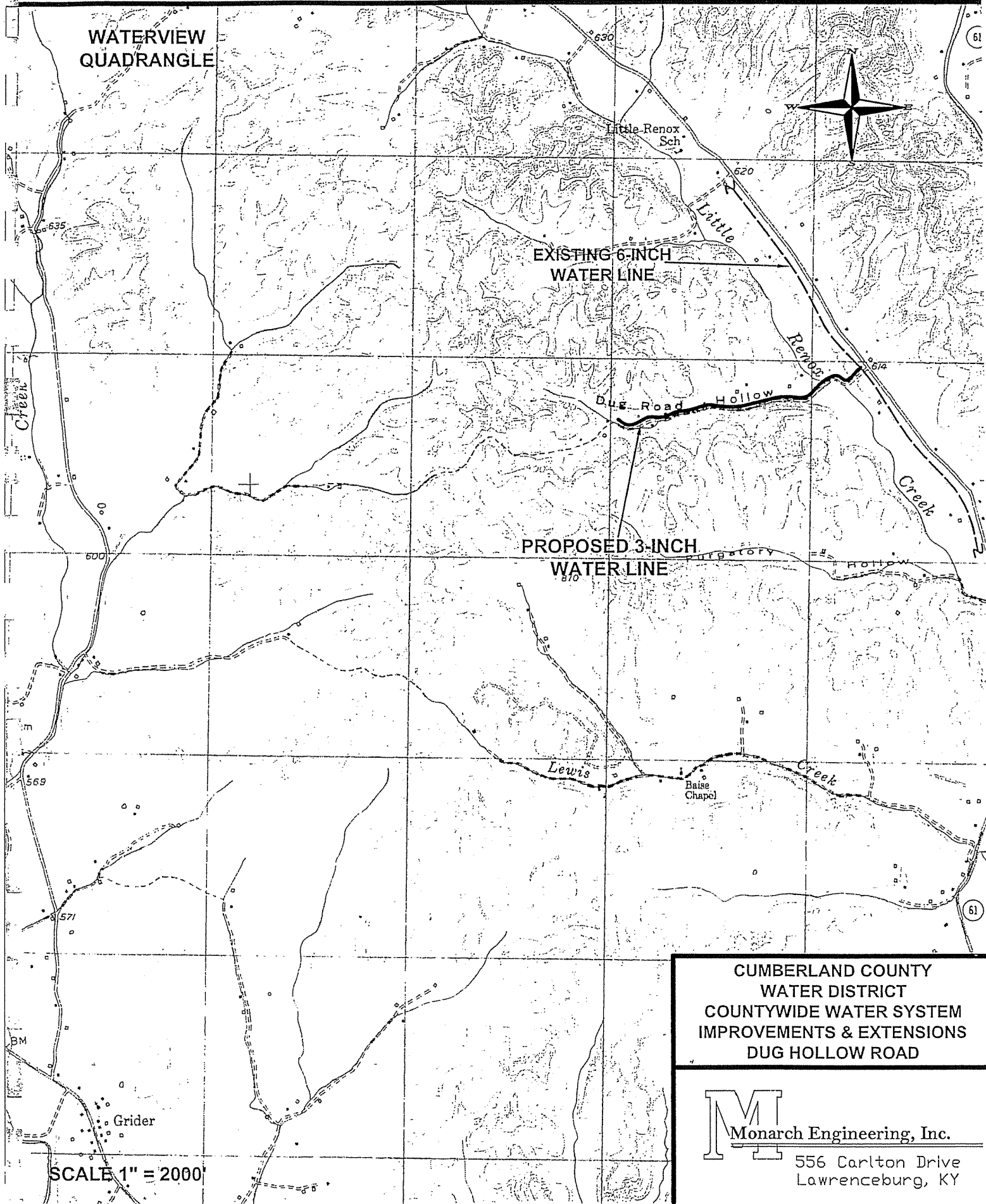
**CUMBERLAND COUNTY
WATER DISTRICT
COUNTYWIDE WATER SYSTEM
IMPROVEMENTS & EXTENSIONS
DUG HOLLOW ROAD**

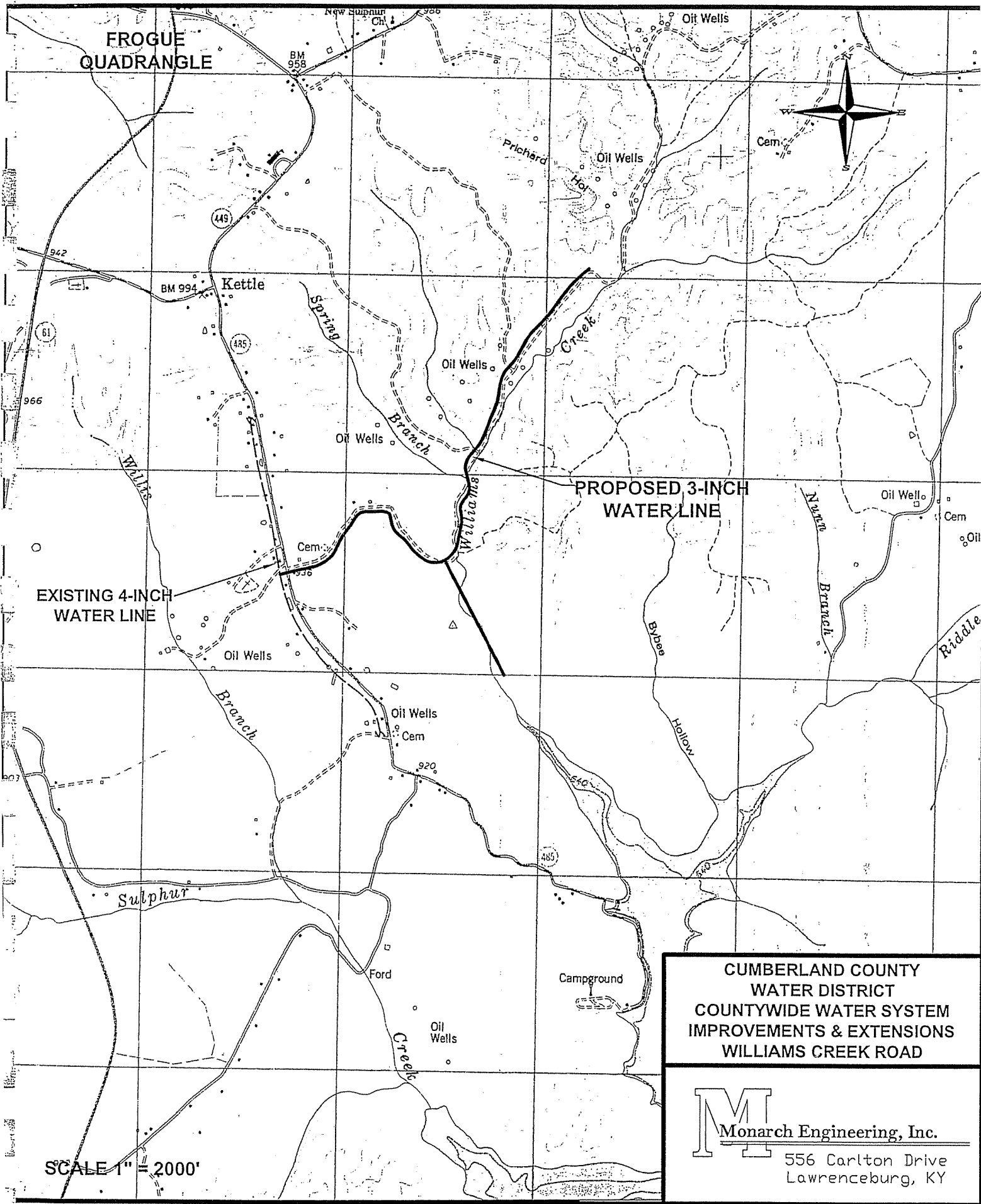


Monarch Engineering, Inc.

556 Carlton Drive
Lawrenceburg, KY

SCALE 1" = 2000'





FROGUE
QUADRANGLE

PROPOSED 3-INCH
WATER LINE

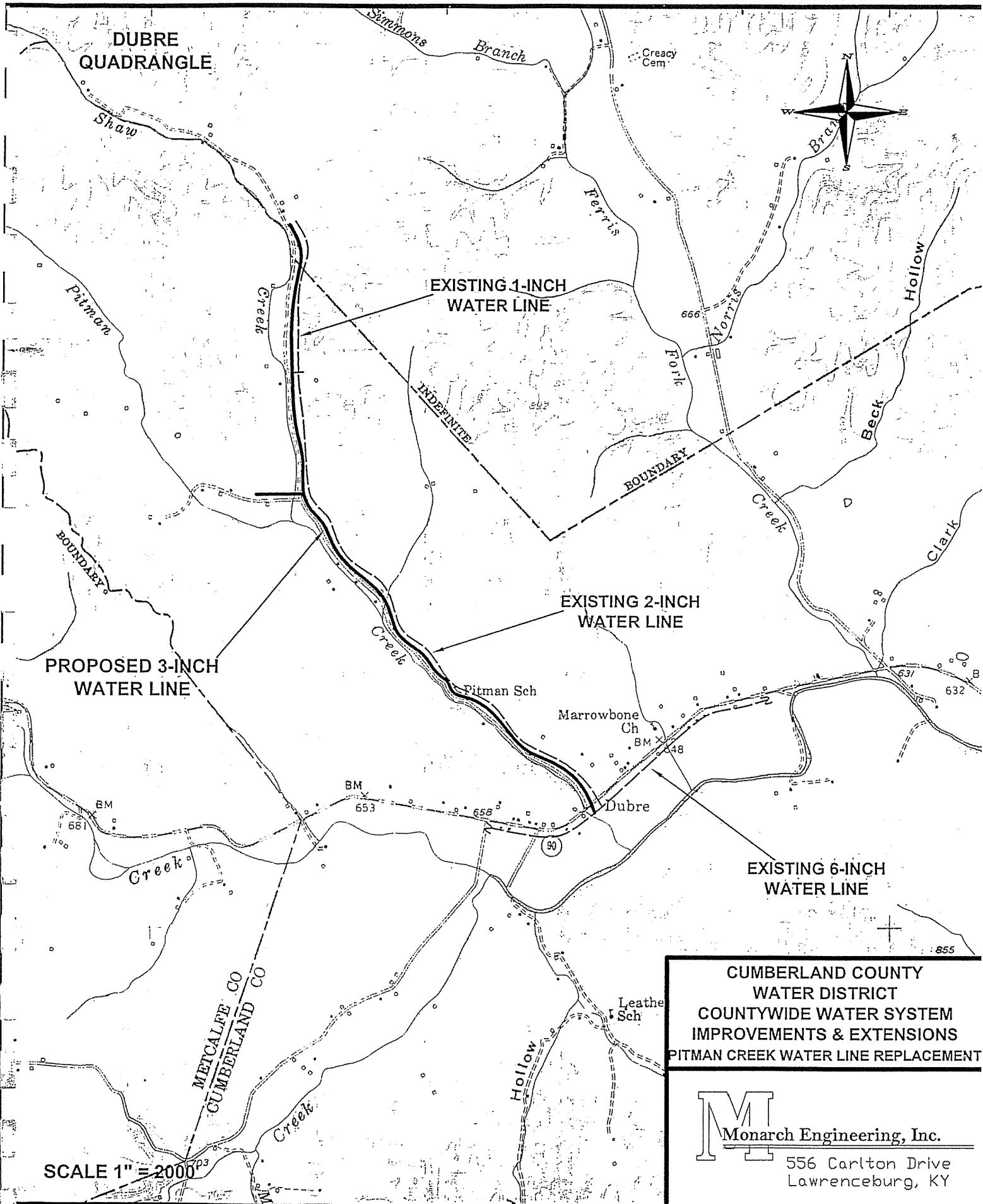
EXISTING 4-INCH
WATER LINE

CUMBERLAND COUNTY
WATER DISTRICT
COUNTYWIDE WATER SYSTEM
IMPROVEMENTS & EXTENSIONS
WILLIAMS CREEK ROAD

M
Monarch Engineering, Inc.

556 Carlton Drive
Lawrenceburg, KY

SCALE 1" = 2000'



SCALE 1" = 2000'

**CUMBERLAND COUNTY
 WATER DISTRICT
 COUNTYWIDE WATER SYSTEM
 IMPROVEMENTS & EXTENSIONS
 PITMAN CREEK WATER LINE REPLACEMENT**



Monarch Engineering, Inc.

556 Carlton Drive
 Lawrenceburg, KY

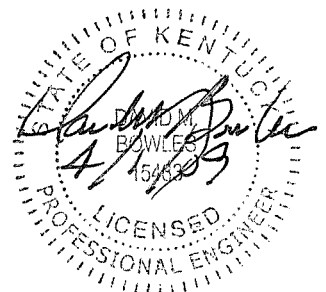
FINAL ENGINEERING REPORT

WATER STORAGE TANK RENOVATIONS

CUMBERLAND COUNTY WATER DISTRICT
CUMBERLAND COUNTY, KENTUCKY

PROJECT 0667

MARCH 2009





March 2, 2009

Mr. Steve Capps, Chairman
Cumberland County Water District
133 Lower River St.
Burkesville, KY 42717

Re: Cumberland County Water District
Water Storage Tank Renovation

Dear Mr. Capps:

On February 27, 2009, bids were received by the Cumberland County Water District for the renovation of the Allens Creek and the Highway 1880 water storage tanks. Two bids were received and the lowest was by Caldwell Tanks, Inc. in the amount of \$262,720.00. Attached please find a copy of both of the bids received along with a Final Budget.

As planned, this first phase of a two phased project consists of the tank renovation in the first phase and the development of a radio read metering system for the second phase. According to the budget there is an amount of \$372,108.80 remaining in contingency that could be considered for the metering system, less an initial amount of ten percent which should be held for contingency for the tank repair.

Based on the need to keep the water tanks in sound condition, we recommend that you consider awarding a contract to Caldwell Tanks, Inc. in the amount of \$262,720.00 and move forward on developing the radio read metering system. This recommendation is contingent upon approval from the Kentucky Public Service Commission and USDA.

Should you need additional information, please advise.

Sincerely,

David M. Bowles, P.E.

/dmb

**FINAL COST ESTIMATE
WATER STORAGE TANK RENOVATION
CUMBERLAND COUNTY WATER DISTRICT
CUMBERLAND COUNTY, KENTUCKY
MARCH 2, 2009**

PROJECT COSTS

DEVELOPMENT	\$262,720.00
CONTINGENCY	372,108.80
ENGINEERING DESIGN	30,475.52
CONSTRUCTION INSPECTION	24,695.68
INTEREST	10,000.00
LEGAL	<u>10,000.00</u>

TOTAL PROJECT COSTS **\$710,000.00**

PROJECT FINANCING

RURAL DEVELOPMENT GRANT	\$295,000.00
RURAL DEVELOPMENT LOAN	<u>415,000.00</u>

TOTAL PROJECT FINANCING **\$710,000.00**

BID TABULATIONS
CUMBERLAND COUNTY WATER DISTRICT
COUNTYWIDE WATER SYSTEM EXTENSIONS & IMPROVEMENTS
HIGHWAY 1880 & ALLEN'S CREEK WATER STORAGE TANK REHABILITATIONS
CUMBERLAND COUTNY, KENTUCKY

BID DATE: FEBRUARY 27, 2009 @ 11:00 A.M. LOCAL TIME

Caldwell Tanks, Inc. P.O. Box 35770 Louisville, KY 40232	Utility Service Co., Inc. P.O. Box 1350 Perry, GA 31069
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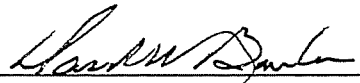
ITEM NO.	DESCRIPTION	QUANTITY	UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
	BASE BID					
1	<u>50,000 Gallon Hwy 1880 Water Storage Tank Rehabilitation</u>					
	A) Coating Removal and Recoat for Exterior Steel	1 LS	\$66,970.00	\$66,970.00	\$145,000.00	\$145,000.00
	B) Coating Removal and Recoat for Interior Steel	1 LS	31,300.00	31,300.00	35,000.00	35,000.00
	C) Cleaning and Disinfection	1 LS	500.00	500.00	500.00	500.00
	D) Install New Insect Screen for the Roof Vent	1 LS	250.00	250.00	500.00	500.00
	E) Install New Aviation Light Bracket and Appurtenances	1 LS	2,600.00	2,600.00	1,500.00	1,500.00
	F) Caulk Interior Roof Lapped Seams	1 LS	340.00	340.00	1,000.00	1,000.00
	G) Caulk Exterior Skip Weld Seams Under Balcony and Struts	1 LS	2,760.00	2,760.00	2,500.00	2,500.00
	H) Repair Roof Access Hatch	1 LS	750.00	750.00	1,000.00	1,000.00
	I) Convert Existing Revolving Roof Ladder to Stationary Ladder	1 LS	950.00	950.00	1,000.00	1,000.00
	J) Remove All Level Indicator Hardware and Accessories	1 LS	1,400.00	1,400.00	1,000.00	1,000.00
	K) Install a New Shell Access Hatch Gasket	1 LS	200.00	200.00	250.00	250.00
	L) Install a Ladder from Tank Floor to the Shell Access Hatch	1 LS	1,400.00	1,400.00	1,500.00	1,500.00
	M) Install SS Chain Across the Leg Ladder Balcony Opening	1 LS	250.00	250.00	250.00	250.00
	N) Install Handrail Around the Top of the Riser Pipe	1 LS	3,300.00	3,300.00	1,500.00	1,500.00
	O) Repair leak at the top of the riser pipe	1 LS	500.00	500.00	500.00	500.00
	P) Remove Sharp Edges, Burrs, and Weld Splatter By Grinding	1 LS	300.00	300.00	1,000.00	1,000.00
	Q) Fill/Surface Sharp Edged Pits and Pits Deeper Than 1/16"	1 LS	400.00	400.00	1,000.00	1,000.00
	R) Weld pits deeper than 3/16"	1 LS	150.00	150.00	1,000.00	1,000.00
	S) Properly adjust the four loose windage rods	1 LS	800.00	800.00	500.00	500.00
	T) Replace Middle Level Struts	1 LS	6,800.00	6,800.00	15,000.00	15,000.00
	U) Install fall prevention on interior tank and riser pipe ladders	1 LS	6,100.00	6,100.00	8,000.00	8,000.00
	V) Install fall prevention on exterior tank and leg ladders	1 LS	6,100.00	6,100.00	8,000.00	8,000.00
	W) Install a riser pipe access hatch gasket	1 LS	200.00	200.00	250.00	250.00
	X) Install protective milk stool type cover over the fill pipe	1 LS	700.00	700.00	500.00	500.00
	Y) Sweep blast and coat concrete surfaces	1 LS	1,000.00	1,000.00	750.00	750.00

MONARCH ENGINEERING, INC.
 556 Carlton Drive
 Lawrenceburg, KY 40342
 Phone (502) 839-1310
 Fax (502) 839-1373

BID TABULATIONS
CUMBERLAND COUNTY WATER DISTRICT
COUNTYWIDE WATER SYSTEM EXTENSIONS & IMPROVEMENTS
HIGHWAY 1880 & ALLEN'S CREEK WATER STORAGE TANK REHABILITATIONS
CUMBERLAND COUTNY, KENTUCKY
BID DATE: FEBRUARY 27, 2009 @ 11:00 A.M. LOCAL TIME

			Caldwell Tanks, Inc. P.O. Box 35770 Louisville, KY 40232		Utility Service Co., Inc. P.O. Box 1350 Perry, GA 31069	
ITEM NO.	DESCRIPTION	QUANTITY	UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
	BASE BID "Continued"					
2	<u>100,000 Gallon Allen's Creek Water Storage Tank Rehabilitation</u>					
	A) Coating Removal and Recoat for Exterior Steel	1 LS	69,440.00	69,440.00	80,000.00	80,000.00
	B) Coating Removal and Recoat for Interior Steel	1 LS	27,880.00	27,880.00	30,000.00	30,000.00
	C) Cleaning and Disinfection	1 LS	500.00	500.00	500.00	500.00
	D) Caulk Interior Roof Lapped Seams	1 LS	480.00	480.00	500.00	500.00
	E) Fill/Surface Sharp Edged Pits and Pits Deeper Than 1/16"	1 LS	450.00	450.00	500.00	500.00
	F) Weld pits deeper than 3/16"	1 LS	150.00	150.00	500.00	500.00
	G) Weld Leaking Horizontal Seams on East/West Sides of Tank	1 LS	150.00	150.00	1,000.00	1,000.00
	H) Caulk the Skip-Welded Angie Stiffener on Upper Shell Panel	1 LS	1,100.00	1,100.00	500.00	500.00
	I) Install Lock to Secure the Roof Access Hatch	1 LS	50.00	50.00	100.00	100.00
	J) Install Interior Tank Ladder	1 LS	5,600.00	5,600.00	1,400.00	1,400.00
	K) Replace Existing Roof Vent with 24" Diameter Roof Vent	1 LS	4,300.00	4,300.00	2,900.00	2,900.00
	L) Replace Revolving Roof Ladder with Handrail	1 LS	2,600.00	2,600.00	3,000.00	3,000.00
	M) Install Roof Handrail on Both Sides of Exterior Access Ladder	1 LS	2,100.00	2,100.00	3,000.00	3,000.00
	N) Remove All Level Indicator Hardware and Accessories	1 LS	900.00	900.00	1,000.00	1,000.00
	O) Install SS Insect Screen on Overflow Pipe Discharge	1 LS	150.00	150.00	100.00	100.00
	P) Install Rip Rap Around the Existing Splash Pad	1 LS	750.00	750.00	300.00	300.00
	Q) Install a New Shell Access Hatch Gasket	1 LS	200.00	200.00	100.00	100.00
	R) Repair Climb Prevention Door on Exterior Ladder	1 LS	250.00	250.00	1,000.00	1,000.00
	S) Cut Fill Pipe Flush with the Floor and Install a Silt Stop	1 LS	800.00	800.00	500.00	500.00
	T) Seal Interface Between Tank Base and Concrete Foundation	1 LS	850.00	850.00	500.00	500.00
	U) Install a 9' Tall Chain Link Fence Around the Tank Site	1 LS	8,000.00	8,000.00	10,000.00	10,000.00
	TOTAL BASE BID CONTRACT			\$262,720.00		\$366,400.00

THE ABOVE IS A TRUE AND COMPLETE TABULATION OF BIDS RECEIVED AT 11:00A.M. LOCAL TIME, FRIDAY, FEBRUARY 27, 2009 AT THE CUMBERLAND COUNTY WATER DISTRICT

BY: 
 David M. Bowles, P.E.

3/2/09
 DATE

LEGAL NOTICE REGARDING THE CUMBERLAND COUNTY WATER DISTRICT

On or about April 6, 2009, the Cumberland County Water District ("District") will file a Petition with the Public Service Commission of Kentucky seeking the following action:

(1) The issuance of a Certificate of Public Convenience and Necessity for the construction by the District of water distribution system improvements, consisting of water storage tank improvements ("Construction Project").

(2) The approval of the financing for said Construction Project to be financed through the issuance of approximately \$415,000 of the District's Water Revenue Bonds to be purchased by the U.S. Department of Agriculture, Rural Development ("USDARD") and a Grant from USDARD in the amount of \$295,000.

The District's Petition requests the Commission to approve an increase in the District's rates and charges for water service as follows:

<u>Gallage Block</u>	<u>Existing Rate per Gallon</u>	<u>New Rates per Gallon</u>
<u>5/8" Meters:</u>		
First 2,000 gallons	\$15.48 Minimum Bill	\$16.99 Minimum Bill
Next 3,000 gallons	\$ 6.80 per 1,000 gallons	\$ 6.95 per 1,000 gallons
Next 5,000 gallons	\$ 5.60 per 1,000 gallons	\$ 5.75 per 1,000 gallons
Over 10,000 gallons	\$ 4.50 per 1,000 gallons	\$ 4.65 per 1,000 gallons
<u>1" Meters</u>		
First 5,000 gallons	\$ 35.88 Minimum Bill	\$ 37.39 Minimum Bill
Next 5,000 gallons	\$ 5.60 per 1,000 gallons	\$ 5.75 per 1,000 gallons
Over 10,000 gallons	\$ 4.50 per 1,000 gallons	\$ 4.65 per 1,000 gallons
<u>1 1/2" Meters</u>		
First 12,500 gallons	\$ 75.13 Minimum Bill	\$ 76.64 Minimum Bill
Over 12,500 gallons	\$ 4.50 per 1,000 gallons	\$ 4.65 per 1,000 gallons
<u>2" Meters</u>		
First 25,500 gallons	\$ 133.63 Minimum Bill	\$ 135.14 Minimum Bill
Over 25,500 gallons	\$ 4.50 per 1,000 gallons	\$ 4.65 per 1,000 gallons

The Petition will be filed pursuant to the provisions of KRS 278.023 and it is anticipated that an Order will be entered by the Public Service Commission approximately 30 days after the actual filing of the Petition.

CUMBERLAND COUNTY WATER DISTRICT
s/ Stephen L. Capps, Chairman

AFFIDAVIT OF PUBLICATION

I hereby certify that I am the Advertising Manager of

CUMBERLAND COUNTY NEWS

the newspaper published in the County of Cumberland, Kentucky (hereinafter referred to as the "publication area") which has the largest bona fide circulation in said publication area of any newspaper published therein.

I further certify that there is attached hereto a true copy of

LEGAL NOTICE

which was published in said newspaper in its regular issue for the 1st day of April, 2009.

I further certify that said newspaper maintains its principal office in the publication area for the purpose of gathering news and soliciting advertisements and other general business of newspaper publication and has a second-class mailing permit issued for that office. I further certify that said newspaper is published regularly as frequently as once a week for at least fifty weeks during the calendar year, as prescribed by its mailing permit; and it has been so published in the publication area for the immediately preceding two-year period prior to the date of publication hereinbefore referred to.

I further certify that said newspaper is circulated generally in the publication area, maintains a definite price or consideration not less than fifty percent of its publication price and is paid for by not less than fifty percent of those to whom distribution is made. I further certify that said newspaper bears a title or name, consists of not less than four pages without a cover, is of a type to which the general public resorts for passing events of a political, religious, commercial and social nature for current happenings, announcements, miscellaneous reading matter, advertisements and other notices and that the news content of said newspaper is at least twenty-five percent of the total column space in more than one-half of the issues during any 12-month period.

I further certify that all of the foregoing facts were true on the date of the publication hereinbefore referred to.

Dated this 3 day of April, 2009.

[Signature]

Acknowledged before me this 3rd day of April, 2009.

My commission expires 7-26-2010.

Frances J. Perry
Notary Public, State @ Large, Kentucky

(Seal of Notary)