

JOHN N. HUGHES
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PROFESSIONAL SERVICE CORPORATION
124 WEST TODD STREET
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January 8, 2010

RECEIVED

JAN 08 2010

PUBLIC SERVICE
COMMISSION

Mr. Jeff R. Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Blvd.
Frankfort, Kentucky 40601

Re: Black Mountain Utility District, Case No. 2009-00422

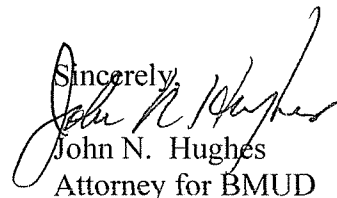
Dear Mr. Derouen:

Attached is the response to the Commission's Order of January 6, 2010. A revised Final Engineering Report is being filed to correct an error in the Report attached as Exhibit A to the Application. The Report changes the length of the pipelines being installed in the project from approximately seven miles to approximately 9.4 miles, which is the length of pipelines shown in the bid tabulations. There are no changes to the three booster pump stations or the two 50,000 gallon storage tanks or any other aspect of the project.

The Application paragraph 4 refers to seven miles of water distribution pipeline. That reference and any other throughout the application and attachments should be changed to 9.4 miles to reflect the corrected Report.

Please contact me with any questions.

Sincerely,



John N. Hughes
Attorney for BMUD

Attachments

Witness: Taylor

Response1: The Final Engineering Report filed with the application as Exhibit A refers to the construction of approximately 7 miles of water main and distribution pipelines. The Report and other attached documents referencing that seven miles are incorrect. The Report has been corrected to reflect the actual amount of main and distribution pipeline to be installed as 9.4 miles. All references in the application and attached supporting documents should be for 9.4 miles. There are no other changes to the project consisting of three booster pump stations and two 50,000 gallon storage tanks.

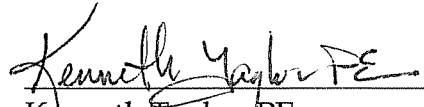
A revised Final Engineering Report is attached with the corrected pipeline length.

AFFIDAVIT

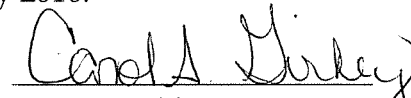
COMMONWEALTH OF KENTUCKY

COUNTY OF FRANKLIN

Affiant, Kenneth Taylor, after being first sworn, deposes and says that he is authorized to submit this Response on behalf of Black Mountain Water District, and that the information contained in the Response is true and correct to the best of his knowledge and belief except as to those matters that are based on information provided to him and as to those he believes to be true and correct. Because of the inclusion of Federal Stimulus Funds in this project, construction must begin no later than February 10, 2010 or the loan funds may be subject to being withdrawn.


Kenneth Taylor, PE

This instrument was produced, signed and declared by Kenneth Taylor to be his act and deed the 6th day of January 2010.


Notary Public

My Commission expires: 10-27 2012

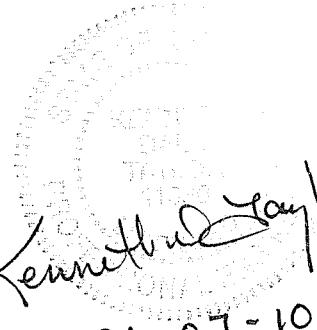
FINAL ENGINEERING REPORT

**KY 38 KLONDIKE WATER DISTRIBUTION PROJECT
BLACK MOUNTAIN UTILITY DISTRICT
BAXTER, HARLAN CO, KENTUCKY**

PROJECT NO. 2006176

REVISED JANUARY 2010

OCTOBER 2009

A circular professional engineer seal for the State of Kentucky, partially obscured by a signature and a date. The seal contains the text "STATE OF KENTUCKY" and "PROFESSIONAL ENGINEER".
Kenneth D. Taylor PE
01-07-10

**REVISED
FINAL ENGINEERING REPORT
KY 38 KLONDIKE WATER DISTRIBUTION PROJECT
BLACK MOUNTAIN UTILITY DISTRICT**

I. INTRODUCTION

The Black Mountain Utility District (BMUD) was originally formed to provide a safe, dependable supply of potable water to the citizens in the rural areas of Harlan County. Since its inception, the BMUD has grown until it serves approximately 2,600 customers over a large portion of the County. BMUD intends to eventually make treated water available to every citizen within its boundary. This project will go a long way toward accomplishing this as it extends service to the largest remaining unserved area. BMUD anticipates serving approximately 120 new users on the extensions. The proposed facilities are modest in design, size and cost and will be constructed and operated in an environmentally responsible manner.

II. PROPOSED FACILITIES AND SERVICES

General Description. The proposed project consists of approximately 9.4 miles of water line and distribution system appurtenances such as gate valves, air release valves, blow-off valves, meters, etc. Three (3) booster pump stations and two (2) 50,000 gallon (nominal) storage tanks are also included in the project. The distribution lines will be primarily of PVC. Some small sections of ductile iron and PE pipe will be used in special areas, i.e., stream crossings, past gas tanks, etc. The facilities have been designed to provide the customers with a minimum pressure of 30 psi at the meter at peak flow conditions. Where static pressures exceed 90 psi, individual pressure regulators will be provided to protect fixtures from high pressures.

The booster pumping stations will be designed to maintain appropriate operating levels in the tanks. This will require pumping to begin when the water level in the tank drops to the minimum operating level; pumping will continue until the tank is refilled to just below the overflow level. This procedure will provide adequate pressure stabilization of the system.

The locations of the major elements of the project are shown on the attached U.S.G.S. topographic maps. The extension of the District's distribution facilities is the only viable alternative for providing water service to this area of the County.

Land. It was necessary to acquire land on which to construct the booster pump stations and the storage tanks. A tract approximately 30' x 30' is needed for each of the booster pump stations and a tract approximately 100'x100' is needed

for each the storage tanks. The approximate locations of these facilities are shown on the attached maps.

Rights. Easements have been required for the water distribution lines where necessary but most of the distribution lines will be on State and County road right-of-way. An encroachment permit for the lines has been obtained from the Kentucky Department of Highways and a motion approved by the Harlan Co. Fiscal Court for the use of the County right of way.

A permit has been obtained from the Ky. Division of Water for the construction of the project and approval will be requested from the Kentucky Commission.

III. COST AND FUNDING

Attached to this report are copies of the certified bid tabs, as-bid budget and estimated Operating Budget for the first year of operation.

IV. CONCLUSIONS AND RECOMMENDATIONS

Conclusions

- A. A majority of the residents in the proposed project area do not have an acceptable domestic water source. Also a health hazard exists due to the contamination of many of the sources currently being used.
- B. The extension of the BMUD water distribution system into the area is the only viable means of providing them with an acceptable water source.
- C. Significant grant funds will be required for construction in order to keep the rate schedule at the same tolerable level.
- D. The financial feasibility indicates that the BMUD can serve the proposed project area on the existing rates without seriously jeopardizing the financial integrity of the operations with the \$500,000.00 loan less \$270,500.00 principal forgiveness. The existing rates are sufficient to cover operating expenses, debt service, debt service coverage, and provide some net unobligated monies. The revenues are not sufficient to cover the full amount of depreciation allowed in the rate base. The grants are necessary to allow the District to operate comfortably.

Recommendations

The project, as presented herein, is feasible with the assumed levels of grants/loan and the existing rates. This will enable the District to accumulate a reasonable amount of monies, which could be used to facilitate additional extensions and/or defray unforeseen expenses.

Drinking Water SRF Project Cost Summary

Project Title: KY 38 Klondike Water Line Extension **WRIS#: WX21095634**

Project Budget: **Estimated** 19-May-09 **As Bid** 20-Aug-09 **Revised**

enter date enter date enter date

Cost Classification	DWSRF KIA Loan	HB608 52C-2008	HB410 # 202	Funding Source 3	Funding Source 4	Funding Source 5	Local Funds	Unfunded Costs	Total
1 Administrative Expenses		65,000							65,000
2 Legal Expenses		20,000							20,000
3 Land, Appraisals, Easements		20,000							20,000
4 Relocation Expenses & Payments									---
5 Planning									---
6 Engineering Fees -- Design		97,640							97,640
7 Engineering Fees -- Construction			24,410						24,410
8 Engineering Fees -- Inspection			75,555						75,555
9 Engineering Fees -- Other		60,000							60,000
10 Construction	500,000	740,000	233,675						1,473,675
11 Equipment									---
12 Miscellaneous		22,000							22,000
13 Contingencies		125,360	666,360						791,720
Total	500,000	1,150,000	1,000,000						2,650,000

Cost Categories	Funding Source	Total Cost
Treatment		
Transmission and Distribution	KIA / 1 / 2	1,715,000
Source		
Storage	1	300,000
Purchase of Systems		
Restructuring		
Land Acquisition		
Total Costs		2,015,000

Funding Sources	Amount	Date Committed
1	1,150,000	
2	1,000,000	
3	---	
4	---	
5	---	
Total	2,150,000	

Local Funding Sources	Amount	Date Committed
1		
2		
3		
Total		

Total Funding **\$2,650,000**



Kenvirons, Inc.

452 Versailles Road • Frankfort, KY 40601 • Phone: (502) 695-4357 • Fax: (502) 695-4363
Civil & Environmental Engineering and Laboratory Services

August 25, 2009

Mr. Raymond Cox, Chair
Black Mountain Utility District
609 Four Mile Road
Baxter, Kentucky 40806

RE: KY 38 Klondike Water Distribution Project
Contract 1: KY 38 Klondike Water Line Extensions

Dear Mr. Cox:

Attached for your use is a tabulation of the bids received for the referenced project on August 20, 2009. The low bid from Akins Excavating Co., Inc. is within the budgeted construction funds and Akins Excavating Co., Inc. has done satisfactory work for the District and Kenvirons, Inc. in the past. Therefore we are recommending that the construction be awarded to Akins Excavating Co., Inc.

Should you have any questions please call me at 502-695-4357.

Sincerely,

Kenneth D. Taylor, P.E.
Associate

KDT/pmw

C: Tim Schwendeman, CVADD

KENVRONS, INC.
 452 VERSAILLES ROAD
 FRANKFORT, KENTUCKY 40601
 TEL (502) 695-4357
 FAX (502) 695-4363

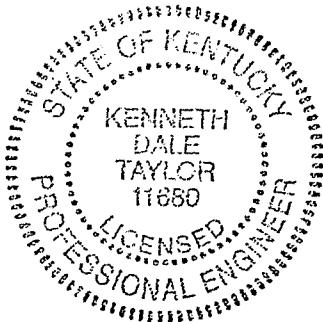
BID TABULATIONS
 PROJECT: KY 38 Klondike Water Distribution Project Contract 1: KY 38 Klondike Water Line Extension
 LOCATION: Black Mountain Utility District
 BID DATE: August 20, 2009 at 10:00 A.M. Local Time

Base Bid

ITEM NO.	ITEM DESCRIPTION	UNIT	QUANTITY	Akins Excavating Co., Inc. 182 Busy Lane Corbin, Kentucky 40701		Cumberland Pipeline, LLC P.O. Box 277 Russell Springs, Kentucky 42642		Garrison Construction Co., Inc. 6960 Greensburg Road Greensburg, Kentucky 42743	
				UNIT COST	COST	UNIT COST	COST	UNIT COST	COST
1	6" Ductile Iron Cl. 350 Pipe	LF	400	\$22.90	\$9,160.00	\$23.52	\$9,408.00	\$23.27	\$9,308.00
2	6" PVC, SDR-17 Pipe	LF	8,850	12.20	107,970.00	15.30	135,405.00	13.75	121,687.50
3	6" PVC, SDR-21 Pipe	LF	35,500	11.50	408,250.00	10.22	362,810.00	13.04	462,920.00
4	4" PVC, SDR-17 Pipe	LF	2,000	10.15	20,300.00	7.65	15,300.00	11.61	23,220.00
5	3" PVC, SDR-21 Pipe	LF	3,100	9.30	28,830.00	6.40	19,840.00	10.45	32,395.00
6	Bore and Case for 6" Pipe	LF	90	100.00	9,000.00	138.30	12,447.00	160.00	14,400.00
7	Open Cut and Case for 6" Pipe	LF	260	44.00	11,440.00	68.00	17,680.00	76.45	19,877.00
8	Open Cut and Case for 4" Pipe	LF	50	43.00	2,150.00	62.00	3,100.00	71.12	3,556.00
9	Open Cut and Case for 3" Pipe	LF	60	41.50	2,490.00	55.55	3,333.00	68.09	4,085.40
10a	6" Creek Crossing	LF	230	56.00	12,880.00	71.41	16,424.30	121.00	27,830.00
10b	6" Directional Bore Creek Crossing	LS	10	1,000.00	10,000.00	2,542.25	25,422.50	7,235.80	72,358.00
11	Directional Bore No. 1	LS	1	7,472.00	7,472.00	13,320.00	13,320.00	13,200.00	13,200.00
12	Directional Bore No. 2	LS	1	7,430.00	7,430.00	4,428.00	4,428.00	6,292.00	6,292.00
13	6" Gate Valve	EA	21	885.00	18,585.00	827.00	17,367.00	656.15	13,779.15
14	4" Gate Valve	EA	1	858.00	858.00	674.42	674.42	528.00	528.00
15	3" Gate Valve	EA	2	727.00	1,454.00	618.00	1,236.00	473.00	946.00
16	6" x 6" Wet Tap	EA	1	2,775.00	2,775.00	1,664.00	1,664.00	2,337.50	2,337.50
17	6" x 3" Wet Tap	EA	1	2,252.00	2,252.00	1,513.00	1,513.00	1,749.00	1,749.00
18	4" Blow-Off Assembly (In-Line)	EA	1	1,385.00	1,385.00	1,305.00	1,305.00	1,375.00	1,375.00
19	4" Blow-Off Assembly (End Line)	EA	1	1,114.00	1,114.00	1,216.00	1,216.00	1,210.00	1,210.00
20	3" Blow-Off Assembly (End Line)	EA	2	1,054.00	2,108.00	1,074.00	2,148.00	1,100.00	2,200.00
21	Leak Detection Meter	LS	4	1,815.00	7,260.00	2,246.00	8,984.00	770.00	3,080.00
22	5/8" x 3/4" Meter Setting	EA	68	610.00	41,480.00	698.25	47,481.00	698.50	47,498.00
23	5/8" x 3/4" Meter Setting w/ Individual PRV	EA	124	761.00	94,364.00	805.00	99,820.00	803.00	99,572.00
24	3/4" Service Tubing	LF	11,520	4.15	47,808.00	5.27	60,710.40	12.09	139,278.80
25	Black Bottom Booster Pump Station	LS	1	59,000.00	59,000.00	85,988.60	85,988.60	126,500.00	126,500.00
26	Clover Darby Booster Pump Station	LS	1	60,000.00	60,000.00	82,309.47	82,309.47	132,000.00	132,000.00
27	KY 38 Booster Pump Station	LS	1	60,000.00	60,000.00	82,462.12	82,462.12	128,700.00	128,700.00
28	Free Bore	LF	800	33.00	26,400.00	50.00	40,000.00	55.00	44,000.00
29	Pavement Replacement	LF	1,600	17.00	27,200.00	30.00	48,000.00	27.50	44,000.00
30	Telemetry (Clover Darby - Mary Wynn)	LS	1	23,000.00	23,000.00	22,260.00	22,260.00	24,750.00	24,750.00
31	Telemetry (KY 38 - KY 38)	LS	1	23,000.00	23,000.00	22,260.00	22,260.00	24,750.00	24,750.00
32	Telemetry (Black Bottom - Clossplint)	LS	1	23,000.00	23,000.00	22,260.00	22,260.00	24,750.00	24,750.00
33	Fire Hydrant	EA	4	3,555.00	14,260.00	3,550.00	14,200.00	3,300.00	13,200.00
TOTAL BASE BID					\$1,174,675.00		\$1,302,776.81		\$1,587,330.35

THE ABOVE IS A TRUE AND COMPLETE TABULATION OF BIDS RECEIVED UNTIL 10:00 A.M. Local Time on August 20, 2009.

BY: Kenneth D. Taylor 8-25-09
 Kenneth D. Taylor, P.E. DATE





Kenvirons, Inc.

452 Versailles Road • Frankfort, KY 40601 • Phone: (502) 695-4357 • Fax: (502) 695-4363
Civil & Environmental Engineering and Laboratory Services

August 25, 2009

Mr. Raymond Cox, Chair
Black Mountain Utility District
609 Four Mile Road
Baxter, Kentucky 40806

RE: KY 38 Klondike Water Contract 2: Mary Wynn Road and
KY 38 Water Storage Tanks

Dear Mr. Cox:

Attached for your use is a tabulation of the bids received for the referenced project on August 20, 2009. The low bid from Kentucky Glass Lined Tank Systems, Inc. is within the budgeted construction funds and Kentucky Glass Lined Tank Systems, Inc. has done satisfactory work for the District and Kenvirons, Inc. in the past. Therefore we are recommending that the construction be awarded to Kentucky Glass Lined Tank Systems, Inc.

Should you have any questions please call me at 502-695-4357.

Sincerely,

Kenneth D. Taylor, P.E.
Associate

KDT/pmw

C: Tim Schwendeman, CVADD

KENVIRONS, INC.
 452 VERSAILLES ROAD
 FRANKFORT, KENTUCKY 40601
 TEL (502) 695-4357
 FAX (502) 695-4383

BID TABULATIONS
 PROJECT: KY 38 Klondike Water Distribution Project Contract 2: Mary Wynn Road and KY 38 Water Storage Tanks
 LOCATION: Black Mountain Utility District
 BID DATE: August 20, 2009 at 10:00 A.M. Local Time

Mary Wynn Tank

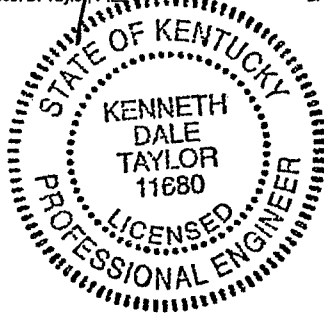
				Kentucky Glass Lined Tank Systems, Inc. P.O. Box 13370 Lexington, Kentucky 40583		Welding, Inc. P.O. Box 6007 Charleston, WV 25362		Laurel Construction Co., Inc. 5209 Somerset Road London, Kentucky 40741	
ITEM NO.	ITEM DESCRIPTION	UNIT	QUANTITY	UNIT COST	TOTAL COST	UNIT COST	TOTAL COST	UNIT COST	TOTAL COST
1	47,000 Gallon Ground Water Storage Tank	LS	1	\$56,000.00	\$56,000.00	\$58,000.00	\$58,000.00	\$120,000.00	\$120,000.00
2	Earthwork	LS	1	30,500.00	30,500.00	5,000.00	5,000.00	18,000.00	18,000.00
3	Foundation	LS	1	28,200.00	28,200.00	25,000.00	25,000.00	25,000.00	25,000.00
4	Painting	LS	1		0.00	10,000.00	10,000.00	8,000.00	8,000.00
5	Yard Work including Lined Channels & Site Restoration	LS	1	1,100.00	1,100.00	5,000.00	5,000.00	5,000.00	5,000.00
6	Yard Piping	LS	1	8,600.00	8,600.00	10,000.00	10,000.00	4,000.00	4,000.00
7	Check Valve Station	LS	1	9,800.00	9,800.00	15,000.00	15,000.00	17,000.00	17,000.00
8	Fencing	LF	400	15.00	6,000.00	37.00	14,800.00	20.00	8,000.00
9	Access Road	LS	1	1,100.00	1,100.00	2,000.00	2,000.00	3,000.00	3,000.00
10	Duckbill Check Valve	EA	4	1,000.00	4,000.00	1,200.00	4,800.00	1,200.00	4,800.00
TOTAL MARY WYNN TANK					\$143,300.00		\$149,600.00		\$210,800.00

KY 38 Tank

				Kentucky Glass Lined Tank Systems, Inc. P.O. Box 13370 Lexington, Kentucky 40583		Welding, Inc. P.O. Box 6007 Charleston, WV 25362		Laurel Construction Co., Inc. 5209 Somerset Road London, Kentucky 40741	
ITEM NO.	ITEM DESCRIPTION	UNIT	QUANTITY	UNIT COST	TOTAL COST	UNIT COST	TOTAL COST	UNIT COST	TOTAL COST
1	47,000 Gallon Ground Water Storage Tank	LS	1	\$56,000.00	\$56,000.00	\$58,000.00	\$58,000.00	\$120,000.00	\$120,000.00
2	Earthwork	LS	1	38,000.00	38,000.00	5,000.00	5,000.00	40,000.00	40,000.00
3	Foundation	LS	1	28,200.00	28,200.00	50,000.00	50,000.00	25,000.00	25,000.00
4	Painting	LS	1		0.00	10,000.00	10,000.00	8,000.00	8,000.00
5	Yard Work including Lined Channels & Site Restoration	LS	1	1,900.00	1,900.00	5,000.00	5,000.00	6,000.00	6,000.00
6	Yard Piping	LS	1	8,000.00	8,000.00	10,000.00	10,000.00	5,000.00	5,000.00
7	Check Valve Station	LS	1	14,500.00	14,500.00	15,000.00	15,000.00	17,000.00	17,000.00
8	Fencing	LF	400	15.00	6,000.00	37.00	14,800.00	20.00	8,000.00
9	Access Road	LS	1	1,100.00	1,100.00	5,000.00	5,000.00	2,000.00	2,000.00
10	Duckbill Check Valve	EA	4	1,000.00	4,000.00	1,200.00	4,800.00	1,200.00	4,800.00
TOTAL KY 38 TANK					\$155,700.00		\$177,600.00		\$235,800.00
TOTAL MARY WYNN TANK					\$143,300.00		\$149,600.00		\$210,800.00
TOTAL BASE BID					\$299,000.00		\$327,200.00		\$446,600.00

THE ABOVE IS A TRUE AND COMPLETE TABULATION OF BIDS RECEIVED UNTIL 10:00 A.M. Local Time on August 20, 2009.

BY: Kenneth D. Taylor PE 8-24-09
 Kenneth D. Taylor, P.E. DATE



KY 38 Klondike Water Distribution Project

XXXII. PROPOSED OPERATING BUDGET (WATER SYSTEM) NEW USERS EXTENSION ONLY
 (1st Full Year of Operation) Year Ending Dec.31, 2011

A. Operating Income:

Water Sales	\$47,952
Disconnect/Reconnect/Late Charge Fees	500
Other (Describe)	0.00
Less Allowances and Deductions	()
Total Operating Income	\$48,452

B. Operation and Maintenance Expenses:

(Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners)

Source of Supply Expense	\$0
Pumping Expense	2,400
Water Treatment Expense	0
Transmission and Distribution Expense	21,000
Customer Accounts Expense	3,180
Administrative and General Expense	6,360
Total Operating Expenses	\$32,940
Net Operating Income	\$15,512

C. Non-Operating Income:

Interest on Deposits	\$ 0
Other (Identify)	
Total Non-Operating Income	\$ 0

D. Net Income

\$ 15,512

E. Debt Repayment:

RUS Interest	\$0
RUS Principal	0
Non-RUS Interest and Principal	13,263
Total Debt Repayment	\$13,263

F. Balance Available for Coverage

\$2,249