

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

OCT 14 2010
PUBLIC SERVICE
COMMISSION

IN THE MATTER OF:

THE PETITION OF)
JACKSON COUNTY WATER ASSOCIATION)
FOR A CERTIFICATE OF CONVENIENCE)
AND NECESSITY, FINANCING)
AND ADJUSTMENT OF RATES)
PURSUANT TO KRS 278.023)

Case No. 2010- 00399

PETITION

Jackson County Water Association, by counsel, petitions for an order granting approval of construction, financing and rates pursuant to KRS 278.023.

1. Jackson County is a Kentucky non-profit corporation doing business in Kentucky operating a water distribution system in Jackson and Rockcastle counties. Its Manager is John Powell, whose mailing address is Highway 421 South, Box 232, Tyner, KY, 40486;

2. It seeks approval pursuant to KRS 278.023 to construct and finance the construction of a raw water intake on the Rockcastle River, two booster pumps and extension of water transmission mains. The proposed construction is being financed with a loan and grant from Rural Development and a Kentucky Empowerment Zone grant. An adjustment of rates as specified by RD is also proposed. Details of the project, financing and rates are set forth in the RD letter of Conditions, exhibit 1;

3. The following information is provided as required by 807 KAR 5:069:

- a. The certified articles of incorporation were filed in Case No. 93-120;
- b. The association is not a partnership and has no assumed name;
- c. A copy of the documents from the USDA with terms and conditions is attached as exhibit 1;
- d. The RD Letter of Concurrence in Bid Award is attached as exhibit 2;
- e. The preliminary and final engineering reports are attached as exhibit 3.

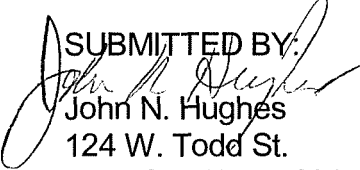
The Association does not expect that the project will deviate from the minimum construction

standards of the Commission;

f. A certified statement that the plans and specifications meet all applicable regulations; that all state approvals have been obtained; that the proposed rates will produce the calculated rates; and providing the beginning date and completion date of construction is attached as exhibit 4;

g. Notice of proposed rates is being published as required by 807 KAR 5:069 and a copy is attached as exhibit 5;

For these reasons, Jackson County requests that its application for the construction, financing and adjustment of rates be approved.


SUBMITTED BY:
John N. Hughes
124 W. Todd St.
Frankfort, Ky. 40601
(502) 227-7270

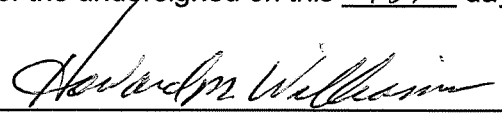
ATTORNEY FOR JACKSON
COUNTY WATER ASSOCIATION

COMMONWEALTH OF KENTUCKY)

COUNTY OF JACKSON)

The undersigned, Howard Williams, being duly sworn, deposes and states that he is the President of the Board of Directors of the Jackson County Water Association, Inc., the Applicant, in this proceeding; that he has read the foregoing Application and has noted the contents; that the same are true of his own knowledge, except as to matters which are stated on information or belief, and as to those matters, he believes same to be true.

IN TESTIMONY WHEREOF, witness the signature of the undersigned on this 13th day of October, 2010.



Howard Williams

Subscribed, sworn and acknowledged to before me by Howard Williams President of the Board of Directors of the Jackson County Water Association, Inc., on this 13th day of October, 2010.



Notary Public

My Commission expires: 1-10-2011

EXHIBIT 1



United States Department of Agriculture
Rural Development
Kentucky State Office

October 20, 2009

Mr. Howard Williams, President
Jackson County Water Association, Inc.
PO Box 232
Jackson, Kentucky 40486

Dear Mr. Williams:

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 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 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 \$3,598,000; a RUS grant not to exceed \$1,542,000; and an Empowerment Zone Grant in the amount of \$1,200,000.

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) 224-7336 • Fax: (859) 224-7344 • 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,
1400 Independence Avenue, SW, Washington, DC 20250-9410
or call (800) 795-3272 (voice) or (202) 720-6382 (TDD).

1. Number of Users and Their Contribution:

There shall be 4,257 existing water users, of which 4 are wholesale, 2,266 are nonresidential, and 4,027 are residential. The Area Director will review and authenticate the number of users 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 closing, the Association 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 Promissory Note. Principal payment will not be deferred for a period in excess of two years from the date of the Promissory Note. The Association may be required to adopt a supplemental payment agreement providing for monthly payments of principal and interest so long as the Promissory Note is held or insured by RUS. Monthly payments will be approximate amortized installments.

5. Recommended Repayment Method:

Payments on this loan shall be made using the Preauthorized Debit (PAD) payment method. This procedure eliminates the need for paper checks and ensures timely receipt of RD loan payments. To initiate PAD payments, Form RD 3550-28, "Authorization Agreement for Preauthorized Payments," should be signed by the Association 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, pay for repairs, and assist with debt service should the need arise.

The Association will be required to deposit \$1,235 per month into a "Funded Debt Reserve Account" until the account reaches \$148,200. The deposits are to be resumed any time the account falls below the \$148,200.

The required monthly deposits to the Reserve Account and required Reserve Account levels are in addition to the requirements of the Association's prior loan resolutions.

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 Association also needs to fund an account for short-lived assets by depositing a sum of \$2,670 monthly to the account. The funds in the short-lived asset account may be used by the Association as needed to replace or add short-lived assets in the Association's water system.

7. Security Requirements:

The loan will be secured by a real estate mortgage, a financing statement, and a pledge of gross water revenue, in the Loan Resolution and Financing Statement.

8. Land Rights and Real Property:

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

10. Business Operations:

The Association 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 Association after review by Rural Development. At no later than loan pre-closing, the Association will be required to furnish a prior approved management plan to include, as a minimum, provisions for management, maintenance, meter reading, miscellaneous services, billing, collecting, delayed payment penalties, disconnect/reconnect fees, bookkeeping, making and delivering required reports and audits.

11. Accounts, Records and Audits:

The Association 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.

The enclosed audit booklet will be used as a guide for preparation of audits. The Association shall be required to submit a copy of its audit agreement for review and concurrence by Rural Development prior to pre-closing the loan.

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

The Association will accomplish audits in accordance with OMB Circular A-133, during the years in which federal funds are received. The Association 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 Association. The Association should obtain amounts of coverage as recommended by its attorney, consulting engineer and/or insurance provider.
- B. Worker's Compensation - The Association will carry worker's compensation insurance for employees in accordance with applicable state laws.
- C. Fidelity Bond - The Association 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 \$443,000.
- D. Real Property Insurance - The Association 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 Association 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 Association will obtain and maintain adequate coverage on any facilities located in 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.

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 Association.

17. Compliance with Special Laws and Regulations:

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

18. Treatment Plant and System Operator:

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

19. Prior to Pre-Closing the Loan, the Association Will Be Required to Adopt:

- A. Form RD 1942-8, "Resolution of Members or Stockholders."
- B. Form RUS Bulletin 1780-28, "Loan Resolution Security Agreement."
- C. Form RD 400-1, "Equal Opportunity Agreement."
- D. Form RD 400-4, "Assurance Agreement."
- E. Form AD-1047, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transaction."
- F. Form RD 1910-11, "Applicant Certification Federal Collection Policies for Consumer or Commercial Debts."
- G. RD Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans."
- H. RUS Bulletin 1780-22, "Eligibility Certification."

20. Refinancing and Graduation Requirements:

The Association is reminded that if at any time it shall appear to the Government that the Association 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 Association will apply for and accept such loan in sufficient amount to repay the Government.

21. Commercial Interim Financing:

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

For each "construction account" as established, if the amount of RUS loan and grant funds plus any applicant contributions or funds from other sources to be deposited into the account are expected to exceed \$100,000 at any time, the financial institution will secure the amount in excess of \$100,000 by pledging collateral with the Federal Reserve Bank in an amount not less than the excess in accordance with 7 CFR, 1902.7(a).

During construction, the Association 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 Association, 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 Association.

Form RD 440-11, "Estimate of Funds Needed for 30-Day Period Commencing _____," will be prepared by the Association and submitted to Rural Development in order that a periodic advance of federal cash may be requested.

Borrowers receiving federal loan and/or grant funds by EFT will have funds directly deposited to a specified account at a financial institution with funds being available to the recipient on the date of payment. The borrower should complete Form SF-3881, "Electronic Funds Transfer Payment Enrollment Form," for each account where funds will be electronically received. The completed form(s) must be received by Rural Development at least thirty (30) days prior to the first advance of funds.

Monthly audits of the Association'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 Association. Grant funds, upon receipt, must be deposited in an interest bearing account in accordance with 7 CFR part 3019 (as applicable). Interest earned on grant funds in excess of \$250 (as applicable) per year will be submitted to RUS at least quarterly.

24. Cost of Facility:

Breakdown of Costs:

Development	\$ 5,049,000
Legal and Administrative	35,000
Engineering	567,000
Interest	134,000
Administrative	50,000
Contingencies	<u>505,000</u>
TOTAL	\$ 6,340,000

Financing:

RUS Loan	\$ 3,598,000
RUS Grant	1,542,000
Empowerment Zone Grant	<u>1,200,000</u>
TOTAL	\$ 6,340,000

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 Empowerment Zone grant in the amount of \$1,200,000.

26. Use of Remaining Project Funds:

After providing for all authorized costs, any remaining project funds will be considered to be RUS/Empowerment Zone 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 Association 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 for 3/4" Meter will be at least:

First	2,000	gallons @ \$	20.58. - Minimum Bill.
Next	18,000	gallons @ \$	9.03. - per 1,000 gallons.
Next	30,000	gallons @ \$	7.48. - per 1,000 gallons.
All Over	50,000	gallons @ \$	5.85. - per 1,000 gallons.

Water rates for 1" Meter will be at least:

First	5,000	gallons @ \$	47.67. - Minimum Bill.
Next	15,000	gallons @ \$	9.03. - per 1,000 gallons.
Next	30,000	gallons @ \$	7.48. - per 1,000 gallons.
All Over	50,000	gallons @ \$	5.85. - per 1,000 gallons.

Water rates for 1 1/2" Meter will be at least:

First	10,000	gallons @ \$	92.82. - Minimum Bill.
Next	10,000	gallons @ \$	9.03. - per 1,000 gallons.
Next	30,000	gallons @ \$	7.48. - per 1,000 gallons.
All Over	50,000	gallons @ \$	5.85. - per 1,000 gallons.

Water rates for 2" Meter will be at least:

First	20,000	gallons @ \$	183.12. - Minimum Bill.
Next	30,000	gallons @ \$	7.48. - per 1,000 gallons.
All Over	50,000	gallons @ \$	5.85. - per 1,000 gallons.

Water rates for 3" Meter will be at least:

First	30,000	gallons @ \$	257.92. - Minimum Bill.
Next	20,000	gallons @ \$	7.48. - per 1,000 gallons.
All Over	50,000	gallons @ \$	5.85. - per 1,000 gallons.

Water rates for 4" Meter will be at least:

First	40,000	gallons @ \$	332.72. - Minimum Bill.
Next	10,000	gallons @ \$	7.48. - per 1,000 gallons.
All Over	50,000	gallons @ \$	5.85. - per 1,000 gallons.

Any Wholesale Users will be charged in accordance with existing contracts or amendments thereto.

29. Compliance with the Bioterrorism Act:

Prior to pre-closing, the Association 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).

30. Floodplain Construction:

The Association will be required to pass and adopt a Resolution or amend its By-Laws whereby the Association 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 Association 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.

31. Water Withdrawal Permit:

The Association 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.

32. Division of Water (DOW) Health & Sanitary Certification:

The Median Household Income (MHI) for the Association's service area qualifies this project for the poverty interest rate. A certification from the Division of Water stating this project will remove a health or sanitary problem will be required. This certification must be obtained prior to loan pre-closing.

33. Mitigation Measures:

- A. The project shall be in compliance with all requirements noted in the Governor's Office for Local Development letter dated October 14, 2008, from Ms. Lee Nalley.
- B. The line design and construction shall be accomplished in a way that will leave flood plains and farmland without effect after construction is complete. The *Army Corps of Engineers Nationwide Permit No. 12 applies to all floodplain and wetland utility line construction.*
- C. Any excavation by Contractor that uncovers a historical or archaeological artifact shall be immediately reported to Owner and a representative of Agency. Construction shall be temporarily halted pending the notification process and further directions issued by Agency after consultation with the State Historic Preservation Officer (SHPO).

- D. The design and construction shall be in compliance with all local, state and federal environmental statutes, regulations and executive orders applicable to the project.
- E. Best Management Practices shall be incorporated into the project design, construction, and maintenance.

34. **American Recovery and Reinvestment Act of 2009 ("Recovery Act").**

Recovery Act requirements apply to this financing. In addition to the other conditions contained in this Letter of Conditions, you must understand and agree to these following conditions specific to the Recovery Act:

- A. Certifications. With respect to Recovery Act funds made available to State or local governments for infrastructure investments, Section 1511 of the Recovery Act requires the Governor, mayor or other chief executive, as appropriate, to certify that the infrastructure investment has been properly approved as required by law and that the chief executive accepts responsibility that the infrastructure investment is an appropriate use of taxpayer dollars. RD Water and Waste personnel will provide specific guidance on the information required in the certification.
- B. Reports on Use of Funds. Section 1512 of the Recovery Act requires each recipient receiving Recovery Act funding to provide specific information to the government on a periodic basis for inclusion in various internal and publicly-available reports. RD Water and Waste Program personnel will provide specific guidance on the type and frequency of information required to assist Recovery Act recipients in complying with this condition.
- C. Buy American. Section 1605 of the Recovery Act requires that all projects financed with Recovery Act funds be bid and constructed using only iron, steel and manufactured goods produced in the United States in accordance with Section 1605 of the Recovery Act. Specific guidance, including contract provisions to be included in any construction contracts, is being formulated and drafted as of the date of this Letter of Conditions. RD Water and Waste Program personnel will provide specific guidance related to this condition as soon as it is available.
- D. Wage Rate Requirements. Section 1606 of the Recovery Act requires that all laborers and mechanics employed by contractors and subcontractors for the project will be paid wages at rates not less than those prevailing on projects of a character similar in the locality where this project will occur. Specific guidance, including contract provisions to be included in any construction or otherwise related contracts, is being formulated and drafted as of the date of this Letter of Conditions. RD Water and Waste Program personnel will provide specific guidance related to this condition as soon as it is available.


Compliance with the conditions in this section is required for financing under the Recovery Act. However, these conditions are not substitutes for, or in lieu of, the remaining conditions contained in this Letter of Conditions. Each of the conditions in this Letter of Conditions must also be understood and complied with to receive financing for your project.

35. 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,


VERNON C. BROWN
Acting State Director

Enclosures

cc: Area Director - London, Kentucky
Cumberland Valley ADD - London, Kentucky
Jerome Fisk - Mt. Vernon, Kentucky
Kenvirons - Frankfort, Kentucky
PSC - ATTN: Dennis Jones - Frankfort, Kentucky

Jackson County EZ Community, Inc.

P.O. Box 280
McKee, KY 40447
Telephone: (606) 287-8395
Fax: (606) 287-8396
E Mail: czdev@prtcnet.org

July 8, 2008

Mr. Howard Williams
Jackson County Water Association
P.O. Box 232
US 421 South
Tyner, KY 40486


RE: Letter of Commitment to Fund the
Supplemental Raw Water Intake On the
Middle Fork of the Rockcastle River

Dear Mr. Williams:

Please be advised that the Jackson County Empowerment Zone Community, Inc. commits funds in the amount of \$1,200,000.00 for the Supplemental Raw Water Intake, Transmission Main, and Booster Pump Station. The proposed facilities will withdrawal water from the Middle Fork of the Rockcastle River for transmission to the Jackson County Water Association's supply reservoir, Lake Beulah. All funds shall be disbursed no later than December 31, 2009.

If you should have any questions, please call at your convenience.

Sincerely,


Jackson County EZ

Current Year: 2010
 Comparative Year: 2009
 Period: August
 Period Begin: 08/01/10
 Period End: 08/31/10

**Jackson County Water Association
 Income Statement**

Account	Title	Current Period	Comparative Period	% Variance	Current YTD Balance	Comparative YTD Balance	% Variance
Revenues							
00419-0000	Interest Income	\$3,343.91	\$4,261.22	-22	31,131.68	44,594.64	-30
00421-0000	Misc Non-Operating Income	\$1,043.43	\$327.00	219	1,977.93	1,564.00	26
00461-0000	Metered Water Sales	\$128,209.41	\$141,317.68	-9	1,053,728.19	1,059,998.21	-1
00464-0000	Late Charges	\$4,295.96	\$5,382.30	-20	30,401.32	31,923.81	-5
00466-0000	Water Sales for Resale	\$5,035.29	\$4,724.21	7	38,128.71	49,089.51	-22
00468-0000	Bad Debts Recovery	\$277.32	\$469.75	-41	3,252.20	6,364.29	-49
00471-0000	Miscellaneous Service Revenue	\$3,456.00	\$3,276.00	5	19,995.00	22,307.30	-10
00472-0000	Gain(Loss) on Sale of Equipment	\$0.00	\$0.00	N/A	0.00	0.00	N/A
00474-0000	Other Water Reveune - Supplies Sold	\$162.19	\$38.42	322	7,401.51	1,856.11	299
00475-0000	Tap On Fees Income	\$1,600.00	\$0.00	N/A	14,656.00	0.00	N/A
00480-0000	Grant Income	\$0.00	\$14,854.99	-100	0.00	169,013.08	-100
00490-0000	Loss on Abandonment of Asset	\$0.00	\$0.00	N/A	0.00	0.00	N/A
	Total Revenue	\$147,423.51	\$174,651.57	-16	1,200,672.54	1,386,710.95	-13
Expenses							
00403-0000	Depreciation Expense	\$44,947.64	\$47,126.38	-5	363,938.60	365,838.28	-1
00408-0012	Payroll Taxes	\$3,658.82	\$3,501.22	5	27,609.45	25,719.97	7
00408-0013	Other Taxes & Licenses	\$43.17	(\$7.12)	-706	5,090.73	4,020.61	27
00427-0000	Interest Expense	\$12,831.84	\$12,834.99	0	109,874.48	136,120.20	-19
00427-0004	Interest on Customer Deposits	\$10.56	\$11.44	-8	137.28	131.12	5
00501-0000	Salaries & Wages	\$40,693.39	\$38,344.70	6	342,270.52	330,893.02	3
00602-0000	Adj for Compensated Absences	\$0.00	\$0.00	N/A	0.00	0.00	N/A
00604-0000	Employee Pensions & Benefits	\$1,939.46	\$1,890.12	3	13,190.86	11,327.22	16
00615-0000	Purchased Power	\$11,222.85	\$12,241.60	-8	111,010.85	125,919.87	-12
00618-0000	Chemicals	\$5,044.02	\$5,328.11	-5	46,707.14	39,125.36	19
00619-0000	Chemical Lab Testing	\$411.90	\$1,329.80	-69	6,372.74	9,599.76	-34
00620-0000	Office & Computer Supplies	\$473.51	\$815.05	-42	13,310.73	5,965.64	123
00620-0005	Materials & Supplies (Plant)	\$11,536.30	\$8,376.91	38	56,681.64	48,909.45	16
00620-0006	Postage	\$398.27	\$2,025.74	-80	15,395.80	18,047.67	-15
00631-0000	Contracted Services - Engineering	\$0.00	\$8,736.99	-100	0.00	47,297.54	-100

Account	Title	Current Period	Comparative Period	% Variance	Current YTD Balance	Comparative YTD Balance	% Variance
00632-0000	Contracted Services - Accounting	\$0.00	\$0.00	N/A	10,000.00	9,400.00	6
00633-0000	Contracted Services - Legal	\$0.00	\$0.00	N/A	0.00	0.00	N/A
00635-0000	Contracted Services - Other	\$0.00	\$0.00	N/A	0.00	0.00	N/A
00650-0000	Transportation Expense	\$2,694.87	\$2,142.16	26	18,901.93	14,171.94	33
00656-0000	Insurance - Vehicles	\$0.00	\$0.00	N/A	0.00	0.00	N/A
00657-0000	Insurance - General Liability	\$2,229.08	\$2,428.48	-8	19,029.04	17,585.27	8
00658-0000	Insurance - Workers Compensation	\$867.98	\$885.61	-2	7,049.62	7,045.94	0
00659-0000	Insurance - Other	\$13,393.79	\$13,038.99	3	101,691.78	85,016.43	20
00670-0000	Bad Debt Expense	\$0.00	\$0.00	N/A	0.00	0.00	N/A
00672-0000	Bank Charges	\$20.00	\$14.00	43	198.00	161.00	23
00675-0003	Cash Over & Short	\$0.00	\$0.00	N/A	19.99	0.00	N/A
00675-0005	Miscellaneous Expense	\$733.98	\$1,343.98	-45	12,901.69	17,355.93	-26
00675-0006	Maintenance	\$1,416.19	\$1,014.31	40	39,164.67	25,882.81	51
00675-0007	Telephone Expense	\$1,184.76	\$890.37	33	9,495.96	10,101.87	-6
00675-0008	Directors' Fees	\$1,400.00	\$1,600.00	-12	10,500.00	11,200.00	-6
00675-0009	Utilities	\$113.85	\$109.73	4	894.32	871.66	3
00690-0000	Line Relocation	\$10,915.00	\$0.00	N/A	10,915.00	120,792.50	-91
	Total Expenses	\$168,181.23	\$166,023.56	1	1,352,352.82	1,488,501.06	-9
	Net Profit/Loss	(\$20,757.72)	\$8,628.01	-341	(151,680.28)	(101,790.11)	49

**Jackson County Water Association
Balance Sheet**

Fiscal Year: 2010
Comparative Year: 2009
InclueThru: August

Account	2010 Balance	2009 Balance
ASSETS		
Current Assets		
00127-0001 Cash - Debt Service	6,123.90	6,050.26
00127-0002 Cash Reserve Account	85,108.76	70,843.08
00127-0003 CD-23339 - Reserve Acct	211,430.28	208,303.87
00127-0004 Cash - General Revenue	818,361.51	780,081.46
00127-0005 CD - Operation & Maintenance	0.00	0.00
00127-0006 Cash - R&M Reserve Savings	2,428.67	2,422.61
00127-0007 CD-1708 R&M Reserve Savings	0.00	0.00
00127-0008 CD-23473 - EZ	1,200,000.00	0.00
00128-0000 Cash- Repurchase Agreement	21,009.20	16,352.11
00129-0000 CD-23174	1,052,809.99	1,035,422.98
00131-0001 Cash On Hand	800.00	800.00
00131-0002 Cash - Operation & Maintenance	12,765.68	17,004.96
00132-0001 Cash - Construction Acct #2	587.50	587.50
00132-0002 Cash - Construction Acct #3	500.00	500.00
00133-0000 Cash - Water Service Deposit	18,253.57	18,439.93
00133-0002 Cash-Plant/Line/Construction Acct	0.00	0.00
00133-0004 CD-17710-Special RDA Acct	14,000.00	14,000.00
00134-0000 CD-23061/23198- Repurchase Agreement	205,704.12	202,219.57
00134-0001 CD-11111-11116 Repurchase Agreement	250,000.00	250,000.00
00135-0000 CD-17711-17712-22111-22194	581,013.64	568,987.60
00133-0003 Cash-Special RDA Acct	0.00	0.00
00140-0000 Cash Count - Shortage	211.00	211.00
00140-0001 Cash Count - Overage	(264.79)	(264.79)
00141-0000 Customer Accounts Receivable	148,850.18	173,883.26
00141-0001 Accounts Rec. - Other Water Customers	5,282.59	10,809.55
00142-0000 Returned Checks Receivable	0.00	0.00
00142-0001 Grants Receivable	0.00	0.00
00143-0000 Accrued Prov. for Uncollected AR	(7,669.71)	(5,133.88)
00145-0000 Unbilled Receivables	96,568.08	76,176.39
00151-0000 Plant Materials & Supplies Inventory	120,604.80	120,668.34
00162-0000 Prepaid Insurance	31,508.12	32,075.10
00171-0000 Interest Receivable	2,458.59	2,951.59
00171-0001 Int.Rec. - Rest Assets	735.64	962.64
00175-0000 Bank Transfers	0.00	0.00
Total Current Assets	4,879,181.32	3,604,355.13
Property and Equipment		
00105-0000 Construction in Progress	1,168,023.75	586,253.94
00108-0000 Accumulated Depreciation	7,022,734.41	6,470,152.29
00303-0002 Land & Rights	102,423.81	102,423.81
00303-0003 Land & Land Rights	157,891.15	157,891.15
00303-0004 Land & Land Rights	63,169.50	58,169.50
00304-0002 Structures & Improvements	247,298.10	218,910.82

Account		2010 Balance	2009 Balance
00304-0003	Structures & Improvements	6,592,566.70	6,592,566.70
00304-0004	Structures & Improvements	748,585.69	748,585.69
00304-0005	Structures & Improvements	268,724.01	268,724.01
00305-0002	Collecting & Impounding R	106,696.23	106,696.23
00311-0002	Electric Plumbing Equipment	96,261.65	96,261.65
00320-0004	Water Treatment Equipment	31,503.05	31,503.05
00330-0004	Distribution Reservoirs	830,092.01	1,013,445.01
00331-0004	Transmission & Distribution Mains	9,723,029.65	9,723,029.65
00333-0004	Services	956.92	956.92
00334-0004	Meter & Meter Installations	592,387.76	592,387.76
00335-0004	Hydrants	1,723.68	1,723.68
00340-0005	Office Furniture & Equipment	145,895.46	145,548.30
00341-0005	Transportation Equipment	521,314.61	521,314.61
00344-0000	Laboratory Equipment	7,476.10	6,145.00
00345-0005	Power Operated Equipment	237,109.69	237,109.69
00346-0000	Communication Equipment	2,286.00	2,286.00
00347-0005	Miscellaneous Equipment	54,291.64	51,782.55
	Total Property & Equipment	14,676,972.75	14,793,563.43
Other Assets			
00174-0000	Utility Deposit-Jackson Energy	175.00	175.00
	Total Other Assets	175.00	175.00
	Total Assets	19,556,329.07	18,398,093.56

LIABILITIES & CAPITAL

Current Liabilities

00231-0000	Accounts Payable	41,922.29	35,745.55
00231-0001	Accounts Payable - New Projects	0.00	0.00
00232-0000	Accounts Payable - Kenvirons	0.00	0.00
00235-0000	Customer Deposits	11,050.00	11,350.00
00236-0000	Unemployment Tax Fed & State	0.00	0.00
00237-0000	Accrued Interest	12,923.12	14,513.12
00240-0000	Local Tax Withheld	901.51	882.09
00241-0000	Medicare Withheld	0.00	0.00
00241-0001	FICA Withheld & Accrued	0.00	0.00
00241-0002	Federal Tax Withheld	0.00	0.00
00241-0003	Kentucky Tax Withheld	2,252.18	2,122.40
00241-0004	Sales Tax Collected	457.82	538.15
00241-0005	School Tax Collected	26.84	31.40
00242-0001	Accrued Wages	7,720.35	5,848.42
00242-0002	W/H Emp Insurance - Pre-Tax	(796.15)	(715.16)
00242-0003	W/H Employee Retirement	0.23	401.29
00242-0004	Other Withholdings - Misc	0.00	0.00
00242-0005	Withholding - Child Support	0.00	0.00
00242-0006	Garnishment of Wages	0.00	0.00
00243-0000	Accrual for Comp. Absences	16,618.48	15,108.00
00252-0000	Accts Payable - Cust. Self	4,064.04	7,636.92

Account		2010 Balance	2009 Balance
	Total Current Liabilities	97,140.71	93,462.18
Long Term Liabilities			
00224-0001	Notes Payable - FHA 9101	0.00	16,299.66
00224-0002	Notes Payable - FHA 9103	188,343.76	212,210.45
00224-0003	Notes Payable - FHA 9106	53,064.83	55,988.47
00224-0004	Notes Payable - FHA 9107	889,969.51	921,819.06
00224-0005	Notes Payable - FHA 9104	87,901.85	92,776.19
00224-0006	Notes Payable - KIA	533,006.83	632,039.52
00224-0007	Notes Payable - FHA 9109	829,488.87	850,730.68
00224-0008	Notes Payable - Jackson Co Bank	0.00	0.00
00224-0009	Notes Payable - FHA 9111	1,060,769.06	1,070,068.34
00224-0010	Notes Payable - FHA 9114	632,326.96	654,053.33
	Total Long Term Liabilities	4,274,871.67	4,505,985.70
	Total Liabilities	4,372,012.38	4,599,447.88
Capital			
00215-0000	Retained Earnings	2,120,023.86	(83,193.50)
00271-0000	Contributions In Aid of Con	1,096,530.87	1,096,530.87
00271-0001	Tap On Fees	283,230.00	304,030.00
00272-0002	Grant In Aid - FDA	938,681.91	938,681.91
00272-0003	Grant In Aid - FHA	3,546,543.00	3,546,543.00
00272-0004	Grant in Aid - ARC	2,181,050.00	2,181,050.00
00272-0005	Grant in Aid - CDBG	2,249,724.55	2,249,724.55
00272-0006	Grant in Aid - KIA	2,920,212.78	3,667,068.96
00272-0007	Grant in Aid - EZ Community, Inc.	0.00	0.00
	Net Income	(151,680.28)	(101,790.11)
	Total Capital	15,184,316.69	13,798,645.68
	Total Liabilities & Capital	19,556,329.07	18,398,093.56
	Difference	0.00	0.00

NOTES OUTSTANDING: (current schedule of last 12 months P/I payments)								
Loan #	Original Loan Amt	Date of Issue	Amount Pd	Principal	Interest	Maturity Date	Rate Of Interest	Interest Last Fiscal Year
RD Loan			10/09-09/10					
#9101	\$393,000.00	Nov-72	13589.94	13364.71	225.23	2010	5.0%	
#9103	\$541,000.00	Jun-79	32076.00	22031.01	10044.99	2019	5.0%	
#9104	\$150,000.00	Jan-86	8908.20	4444.56	4463.64	2026	5.0%	
#9106	\$90,000.00	Jan-86	5337.00	2642.70	2694.30	2026	5.0%	
#9107	\$1,214,600.00	Feb-91	72014.04	26752.72	45261.32	2031	5.0%	
#9109	\$1,000,000.00	Oct-96	55410.00	17271.85	38138.15	2036	4.5%	
#9111	\$1,130,000.00	Jun-03	62614.56	14294.58	48319.98	2043	4.5%	
#9114	\$685,000.00	Jun-03	37956.00	8663.68	29292.32	2043	4.5%	
Totals RD	\$5,203,600.00		\$287,905.74	\$109,465.81	\$178,439.93			\$181,207.50
KIA Loan			05/09-05/10					
B292-05	\$1,792,633.22	Dec-95	\$170,872.16	\$147,652.01	\$23,220.15	2015	2.45%	\$16,080.55

EXHIBIT 2



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

October 12, 2010

**SUBJECT: Jackson County Water Association
ARRA- Supplemental Water Intake
Contract Award Concurrence**

**TO: Area Director
London, 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 on Contract 1, Akins Excavation, Inc., in the amount of \$3,039,094.00, and the low bidder on Contract 2, Kay and Kay Contracting, in the amount of \$1,349,000.00.

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

for
THOMAS G. FERN
State Director
Rural Development

cc: Kenvirons
Frankfort, Kentucky

, 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).

EXHIBIT 3

PRELIMINARY ENGINEERING REPORT

FOR THE

JACKSON COUNTY WATER ASSOCIATION

SUPPLEMENTAL RAW WATER INTAKE ON THE
SOUTH FORK OF THE ROCKCASTLE RIVER

PROJECT NO. 2006080

MARCH, 2009

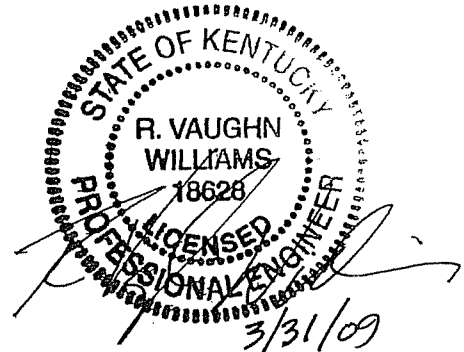


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3.0 EXISTING FACILITIES	2
4.0 NEED FOR PROJECT	7
5.0 ALTERNATIVE CONSIDERED	9
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8.0 LAND, RIGHTS AND OTHER PERMITS	13
9.0 CONCLUSIONS AND RECOMMENDATIONS	14

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FIGURE 2A THROUGH 2C - EXISTING AND PROPOSED RAW WATER FACILITIES

TABLE 1 - POTABLE WATER PROJECTIONS

TABLE 2 - ALTERNATIVES EVALUATED AND BASIS FOR ELIMINATION

TABLE 3 - CONSTRUCTION COSTS

TABLE 4 - PROJECT COSTS

TABLE 5 - ANTICIPATED FUNDING SOURCES

TABLE 6 - OBTAINED PERMIT APPROVALS

APPENDIX A – Proposed Project’s Impact on User Rates

EXISTING OPERATING BUDGET FOR YEAR ENDING 2008

REVENUE REQUIREMENTS FOR PROPOSED PROJECT

REVISED REVENUE REQUIREMENTS & PERCENT RATE INCREASE

BILLING ANALYSIS USING EXISTING RATES

BILLING ANALYSIS USING PROPOSED RATES

RATE CHART

1.0 INTRODUCTION

The Jackson County Water Association (JCWA) was formed in 1970 to provide a dependable supply of potable water to the rural areas of Jackson County. In 1973 the initial facilities of JCWA consisted of a 0.50 million gallons per day (mgd) water treatment plant (WTP), approximately 45 miles of distribution lines, two water storage tanks and approximately 500 customers. Since its inception, JCWA has grown steadily and the water system now includes over 300 miles of lines, nine storage tanks and 4,513 customers. In 2007, the average daily production from the Association's expanded WTP was 0.89 mgd.

The primary raw water supply for JCWA is Tyner Lake, which is also referred to as Lake Beulah. The reservoir has an adequate storage volume, 550,000,000 gallons, but the drainage area, or watershed, only encompasses a one square mile area. The small watershed severely limits the reservoirs sustainable yield to 0.70 mgd, which is less than Water Association's current average demand. In 2004, a supplemental intake was constructed along a small stream approximately 1.5 miles from Tyner Lake which increased the sustainable yield of the raw water supply to approximately 1.0 mgd. Even though the raw water supply infrastructure is adequate for current demands, the additional capacity provided by the supplemental intake is only a short-term solution and continued growth of JCWA's system will eventually surpass its safe yield.

The objective of the project proposed herein is to increase the safe yield of the raw water supply to 2.25 mgd, the rated capacity of JCWA's water treatment plant. The project consists of a new intake located on the South Fork of the Rockcastle River, two booster pump stations, and approximately 70,000 feet of 16" transmission main. The transmission main will follow existing roads from the proposed intake site and connect to the existing raw water main installed for the current supplemental intake.

2.0 PROJECT PLANNING AREA

Jackson County is located in the heart of the Daniel Boone National Forest in eastern Kentucky. The county seat is the City of McKee, which is located near the geographic center of the county. McKee is approximately 47 miles southeast of Lexington and 20 miles north of London. The Water Association's service area covers the majority of Jackson County, except for the immediate area in and around the City of McKee and a small portion in the southern part of the county. These two areas are served by the City of McKee and the Wood Creek Water District, respectively. Approximately 75 percent of the County's population is connected to a public water system with the remaining residents relying on

groundwater or cisterns for drinking water. JCWA wholesales potable water to the City of McKee, City of Beattyville, and the Eastern Rockcastle County Water Association. Figure 1 shows the service boundaries of the water service providers in Jackson County.

The Water Association's treatment plant and raw water supply reservoir are located 5.7 miles southeast of McKee and 2.3 miles north of Tyner, Kentucky. The proposed project will improve the safe yield of the raw water supply to 2.25 mgd by implementing a pump-store strategy. The proposed improvements include a raw water intake structure on the South Fork of the Rockcastle River, two booster pump stations, and a 16" transmission main. The transmission main is planned to be constructed within the public right-of-way of the following roads;

Eberle-Cornett Road	KY-290
Eberle Road	Bailey Road
KY-2002	Roark Road
Peter Cave Road	Mildred Road
KY-2003	

Figures 2.A thru 2.C are USGS topographical maps showing the existing and proposed raw water supply and treatment facilities of the Jackson County Water Association.

The proposed project is generally located in the south western portion of Jackson County. According to the Soil Survey of Jackson and Owsley Counties, Kentucky, prepared by the USDA Soil Conservation Service, the major natural resources in the area are soil, water, timber, coal, and limestone. Within the proposed project's area, soil, water, and timber are the primary natural resources. The terrain is typically hilly rather than steep in the southern portion of the county and beef cattle and dairy cattle farms are common. An Environmental Report for the proposed project contains a more detailed discussion of the environmental resources within the project planning area.

3.0 EXISTING FACILITIES

JCWA owns and operates a water treatment plant and potable water distribution system in Jackson County, Kentucky. The original 0.50 mgd WTP was constructed in 1973 and is located at the toe of dam impounding Tyner Lake. In 2005, a new 2.25 mgd WTP was constructed next to the old facility. The WTP is in excellent condition and the quality of the water produced exceeds the current drinking water regulations. During 2007, the plant produced an average of 0.89 mgd which equates to 39% of the design capacity.

WATER SERVICE AREAS JACKSON COUNTY Kentucky

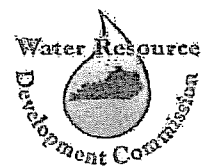
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Water Resource Development Commission

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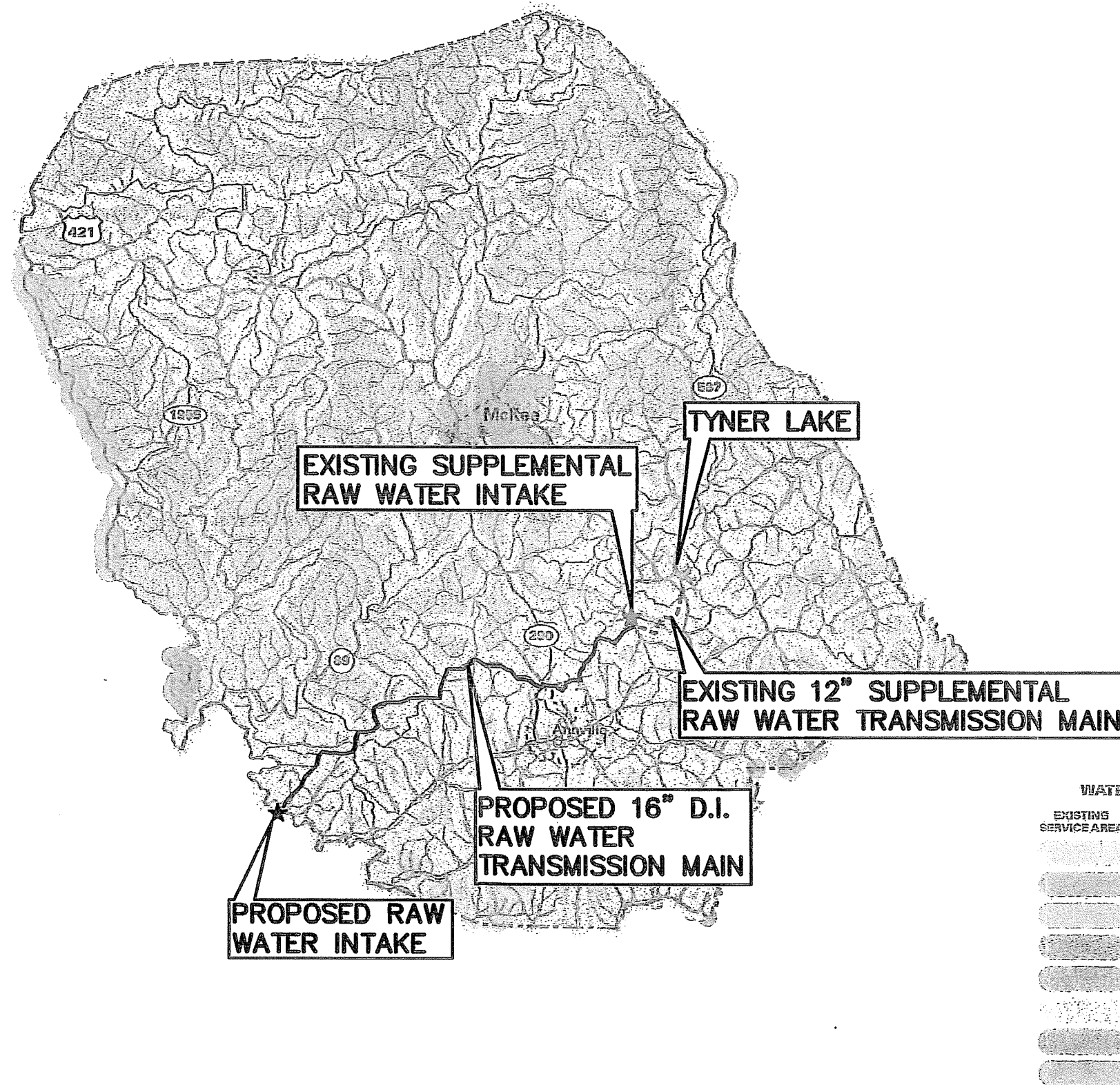
Bob Ayriold, Chairman
Lawrence Wetherby, Executive Director

Final GIS & Cartographic Operations By:
Kent Anness & Kim Prough

Data Collection & GIS Input By:
Kentucky Area Development Districts



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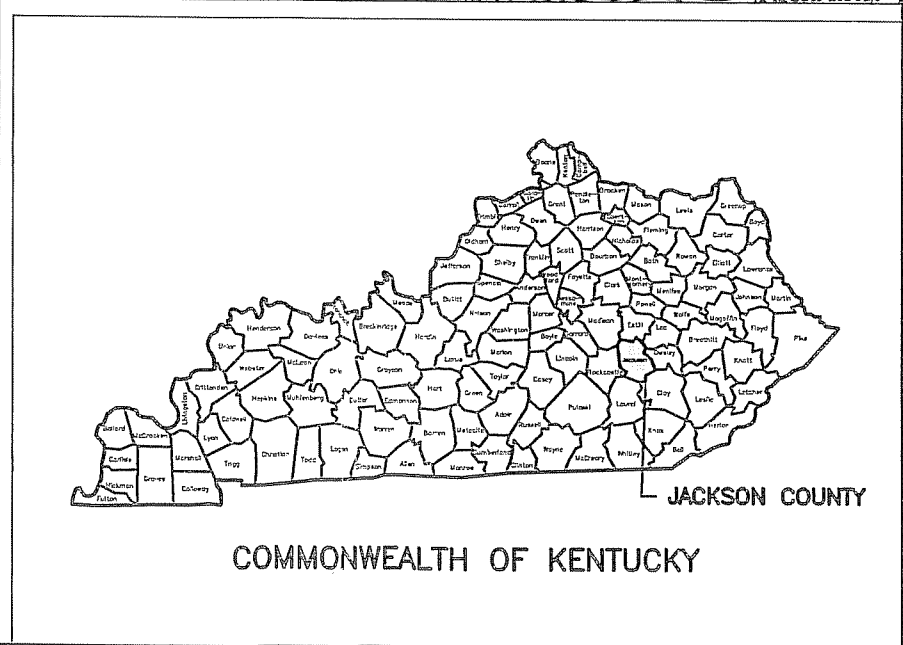
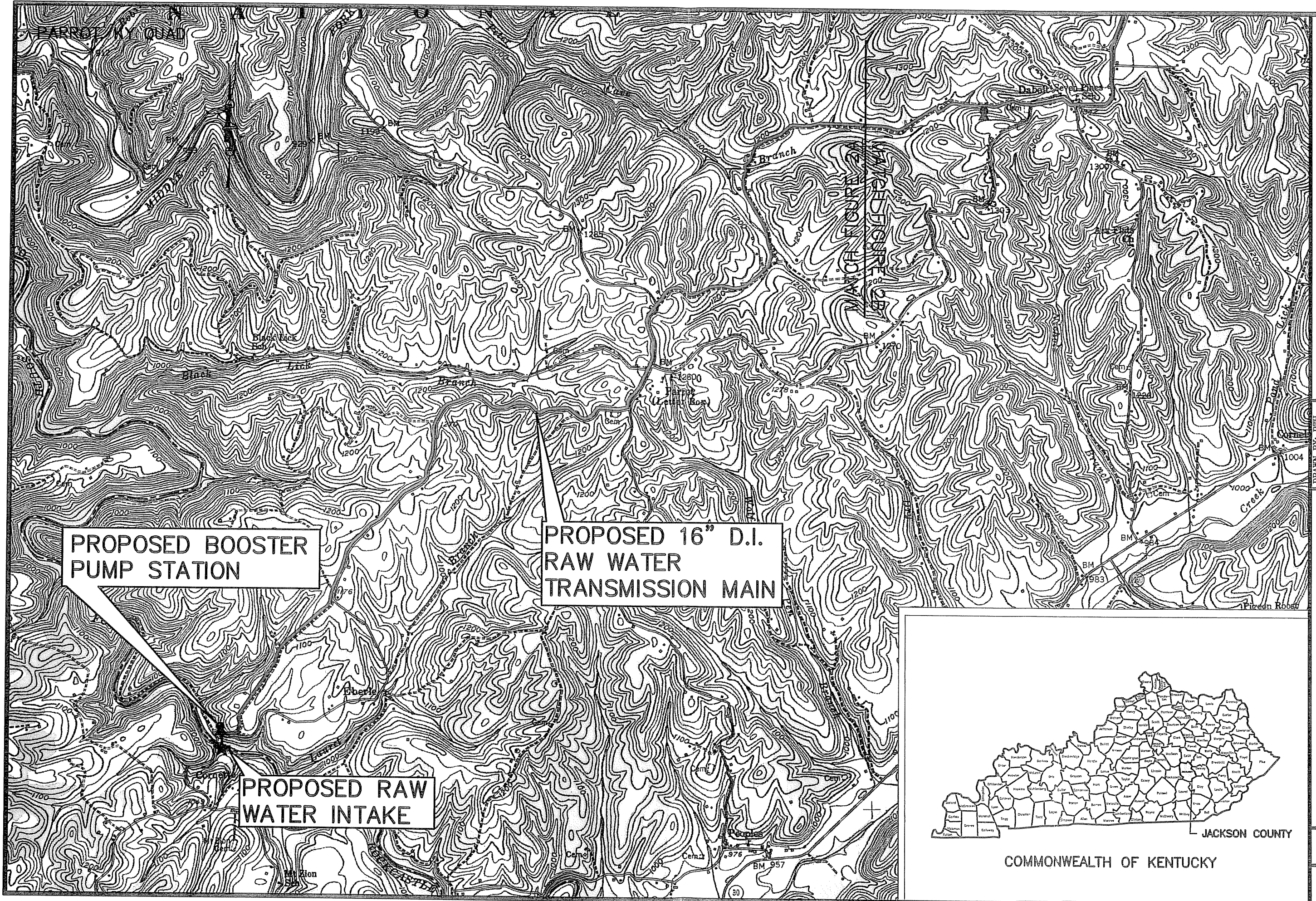


WATER SERVICE STATUS BY OWNER

EXISTING SERVICE AREA	PROPOSED SERVICE AREA	OWNER
[Pattern]	[Pattern]	WOOD CREEK WATER DISTRICT
[Pattern]	[Pattern]	ROCKCASTLE COUNTY WATER ASSOCIATION
[Pattern]	[Pattern]	NORTH MANCHESTER WATER ASSOCIATION
[Pattern]	[Pattern]	MCKEE WATER WORKS
[Pattern]	[Pattern]	MANCHESTER WATER WORKS
[Pattern]	[Pattern]	JACKSON COUNTY WATER ASSOCIATION
[Pattern]	[Pattern]	EAST LAUREL WATER DISTRICT
[Pattern]	[Pattern]	BEATTYVILLE WATER WORKS

FIGURE 1: JACKSON COUNTY WATER SERVICE BOUNDARIES

:\200\MISC\OCA1\JAPS\18\2\56:0\pjh\1\col\..._R_q



JACKSON COUNTY WATER ASSOCIATION
 RAW WATER TRANSMISSION MAIN
 JACKSON COUNTY, KENTUCKY

DRAWN BY: PTH
 CHECKED BY: RVW
 DATE: FEB. 2009
 SCALE: 1"=2000'
 REV:

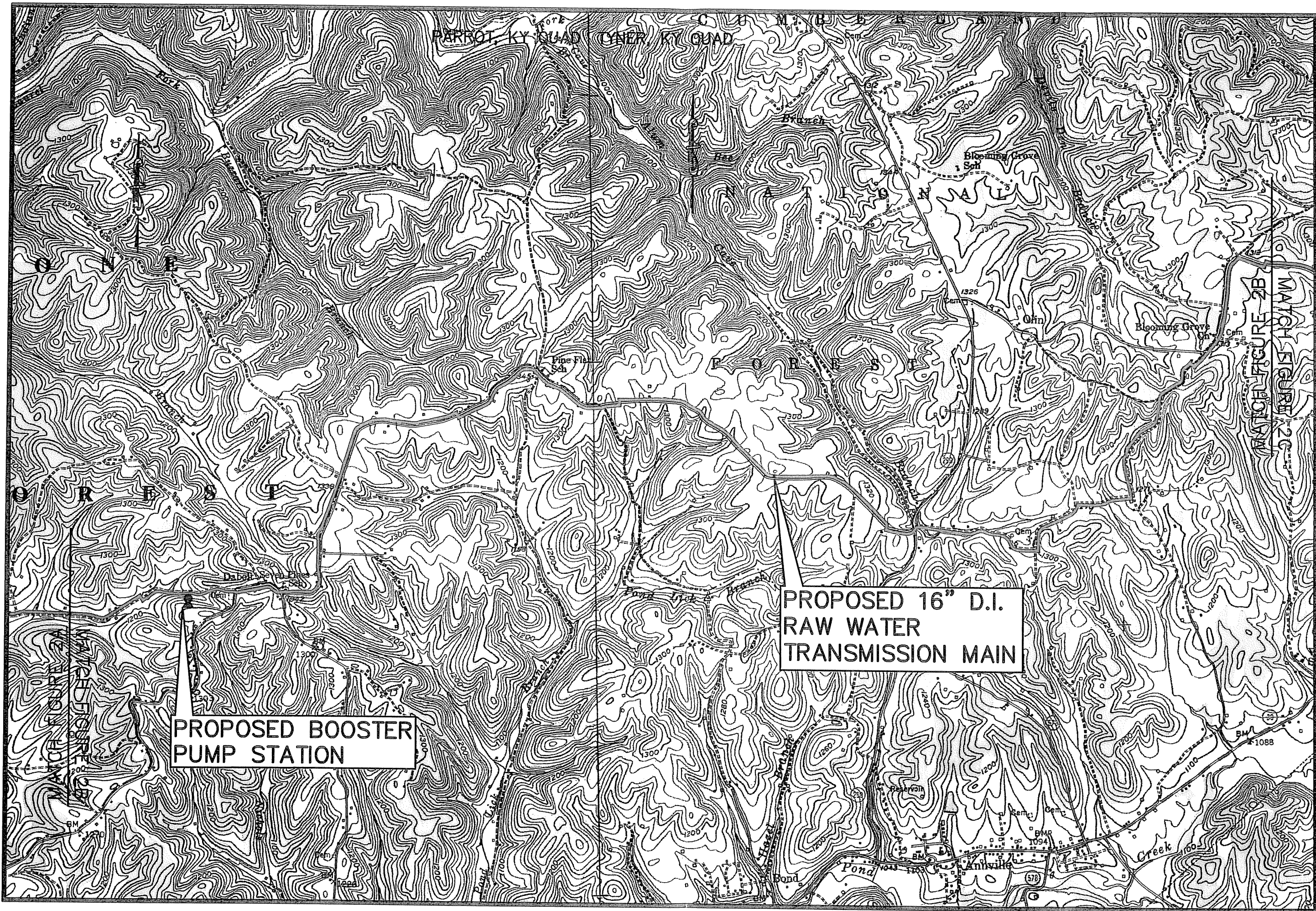
KENVIRONS, INC.
 FRANKFORT, KENTUCKY



PROJECT NO.
 2006080

FIGURE
 2-A

...P2U...MISC...OCA...7/18/2...:563...pjh...E\col...r_9



**PROPOSED BOOSTER
PUMP STATION**

**PROPOSED 16" D.I.
RAW WATER
TRANSMISSION MAIN**

JACKSON COUNTY WATER ASSOCIATION
RAW WATER TRANSMISSION MAIN
JACKSON COUNTY, KENTUCKY

DRAWN BY: PTH
CHECKED BY: RVW
DATE: FEB. 2009
SCALE: 1"=2000'
REV:

KENVIRONS, INC.
FRANKFORT, KENTUCKY

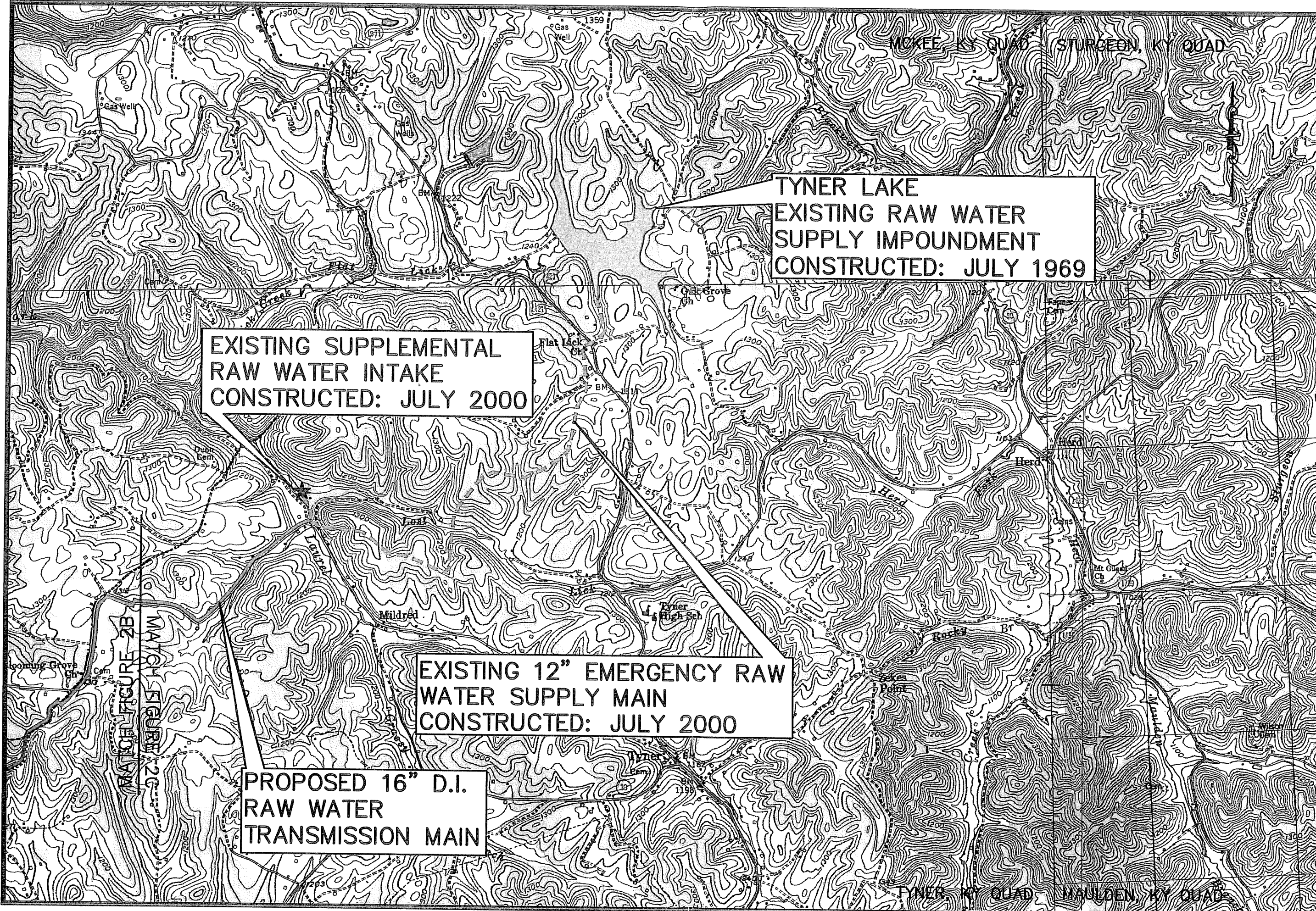


PROJECT NO.
2006060

FIGURE
2-B

MATCH FIGURE 2B
MATCH FIGURE 2C

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JACKSON COUNTY WATER ASSOCIATION
RAW WATER TRANSMISSION MAIN
JACKSON COUNTY, KENTUCKY

DRAWN BY: PTH
CHECKED BY:
CHECKED BY: RVW
DATE: FEB. 2009
SCALE: 1"=2000'
REV:

KENVIRONS, INC.
FRANKFORT, KENTUCKY



PROJECT NO.
2006080

FIGURE
2-C

WATER SERVICE AREAS JACKSON COUNTY Kentucky

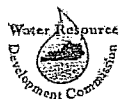
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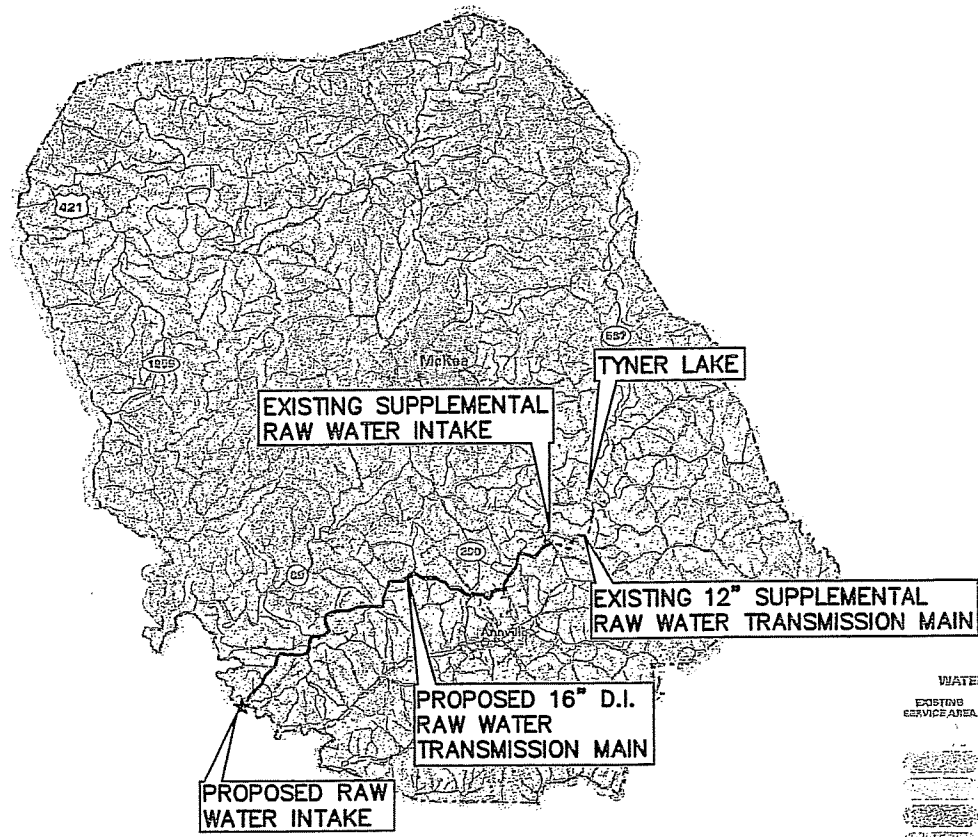
Bob Arpich, Chairman
Lawrence Wehrly, Executive Director

Field GIS of Cartographic Operations By:
Kent Arnette & Kim Pruegh

Data Collection/GIS Input By:
Kentucky Area Development Districts



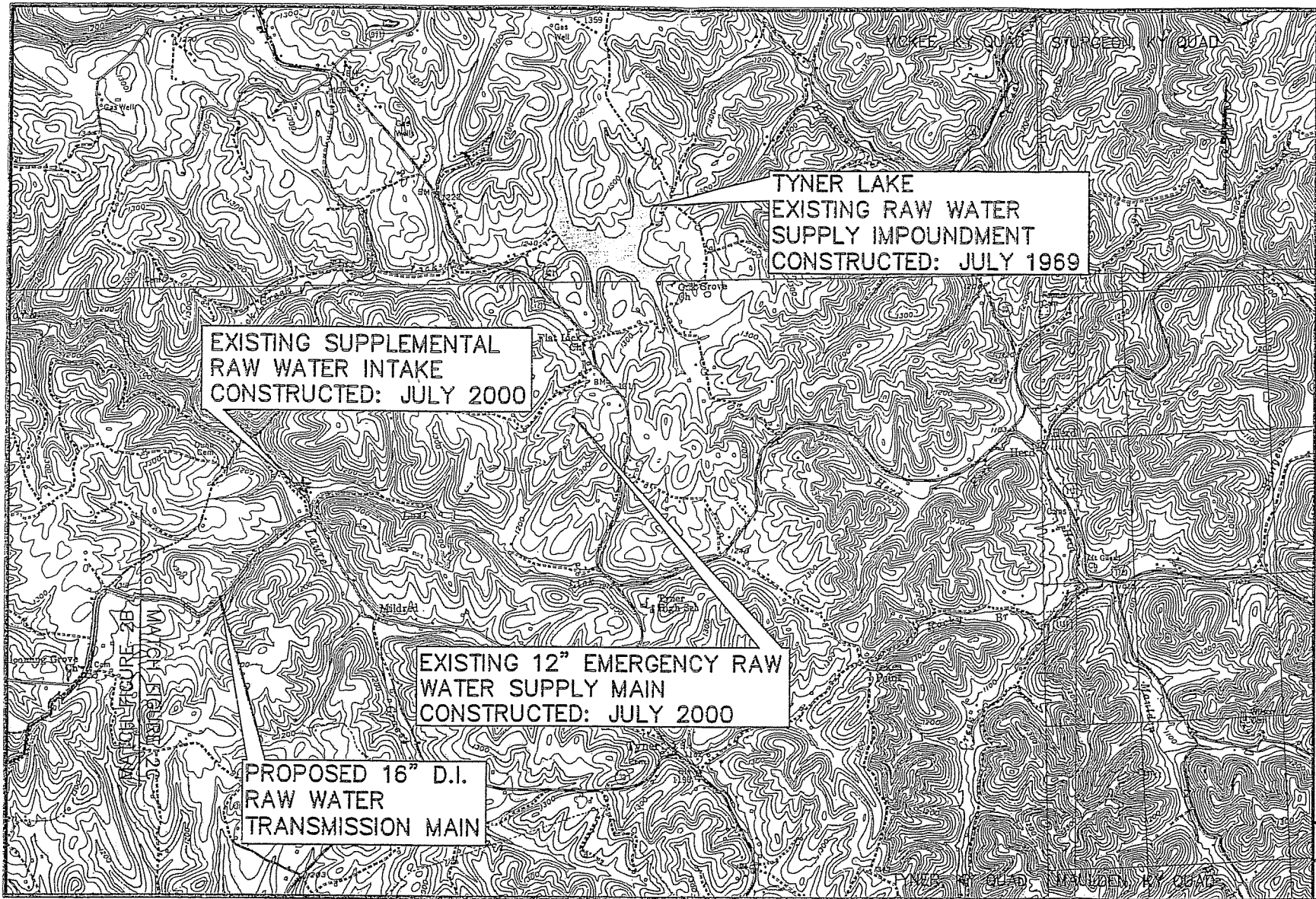
LEGISLATION OF THE STATE OF KENTUCKY: THE WATER RESOURCE DEVELOPMENT COMMISSION IS AN ACT TO BE ENACTED BY THE LEGISLATURE OF THE STATE OF KENTUCKY TO ESTABLISH A WATER RESOURCE DEVELOPMENT COMMISSION TO COORDINATE AND SUPERVISE THE DEVELOPMENT OF WATER RESOURCES AND TO PROMOTE THE EFFICIENT AND ECONOMIC USE OF WATER IN THE STATE OF KENTUCKY. THE COMMISSION IS COMPOSED OF MEMBERS APPOINTED BY THE GOVERNOR AND THE COMMISSION IS TO BE KNOWN AS THE WATER RESOURCE DEVELOPMENT COMMISSION.



WATER SERVICE STATUS BY OWNER

EXISTING SERVICE AREA	PROPOSED SERVICE AREA	OWNER
[Pattern]	[Pattern]	WOOD CREEK WATER DISTRICT
[Pattern]	[Pattern]	ROCKCASTLE COUNTY WATER ASSOCIATION
[Pattern]	[Pattern]	NORTH MANCHESTER WATER ASSOCIATION
[Pattern]	[Pattern]	MCKEE WATER WORKS
[Pattern]	[Pattern]	MANCHESTER WATER WORKS
[Pattern]	[Pattern]	JACKSON COUNTY WATER ASSOCIATION
[Pattern]	[Pattern]	EAST LAUREL WATER DISTRICT
[Pattern]	[Pattern]	BEATYVILLE WATER WORKS

FIGURE 1: JACKSON COUNTY WATER SERVICE BOUNDARIES



JACKSON COUNTY WATER ASSOCIATION
 RAW WATER TRANSMISSION MAIN
 JACKSON COUNTY, KENTUCKY

DRAWN BY: PHIL
 CHECKED BY: PHIL
 DATE: 10/1/2000
 SCALE: 1"=200'
 DATE:

KENVIRONS, INC.
 FRANKFORT, KENTUCKY

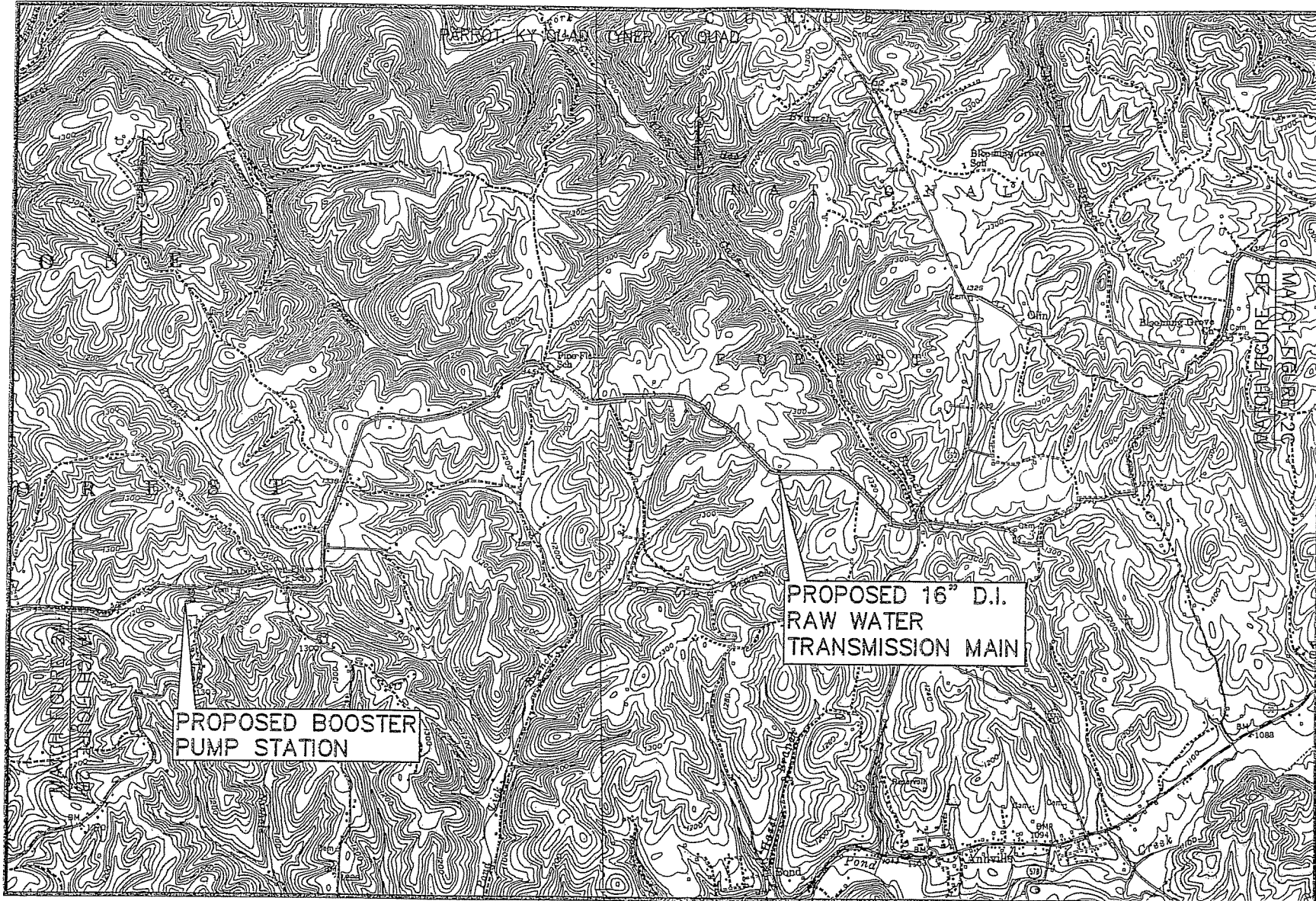


PROJECT NO.
 2006080

FIGURE
 2-C

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PROPOSED BOOSTER PUMP STATION

PROPOSED 16" D.I. RAW WATER TRANSMISSION MAIN

FIGURE 2-B
RAW WATER TRANSMISSION MAIN

JACKSON COUNTY WATER ASSOCIATION
RAW WATER TRANSMISSION MAIN
JACKSON COUNTY, KENTUCKY

DESIGNED BY: ETL
CHECKED BY: HW
DATE: FEB. 2000
SCALE: 1"=2000'
REV:

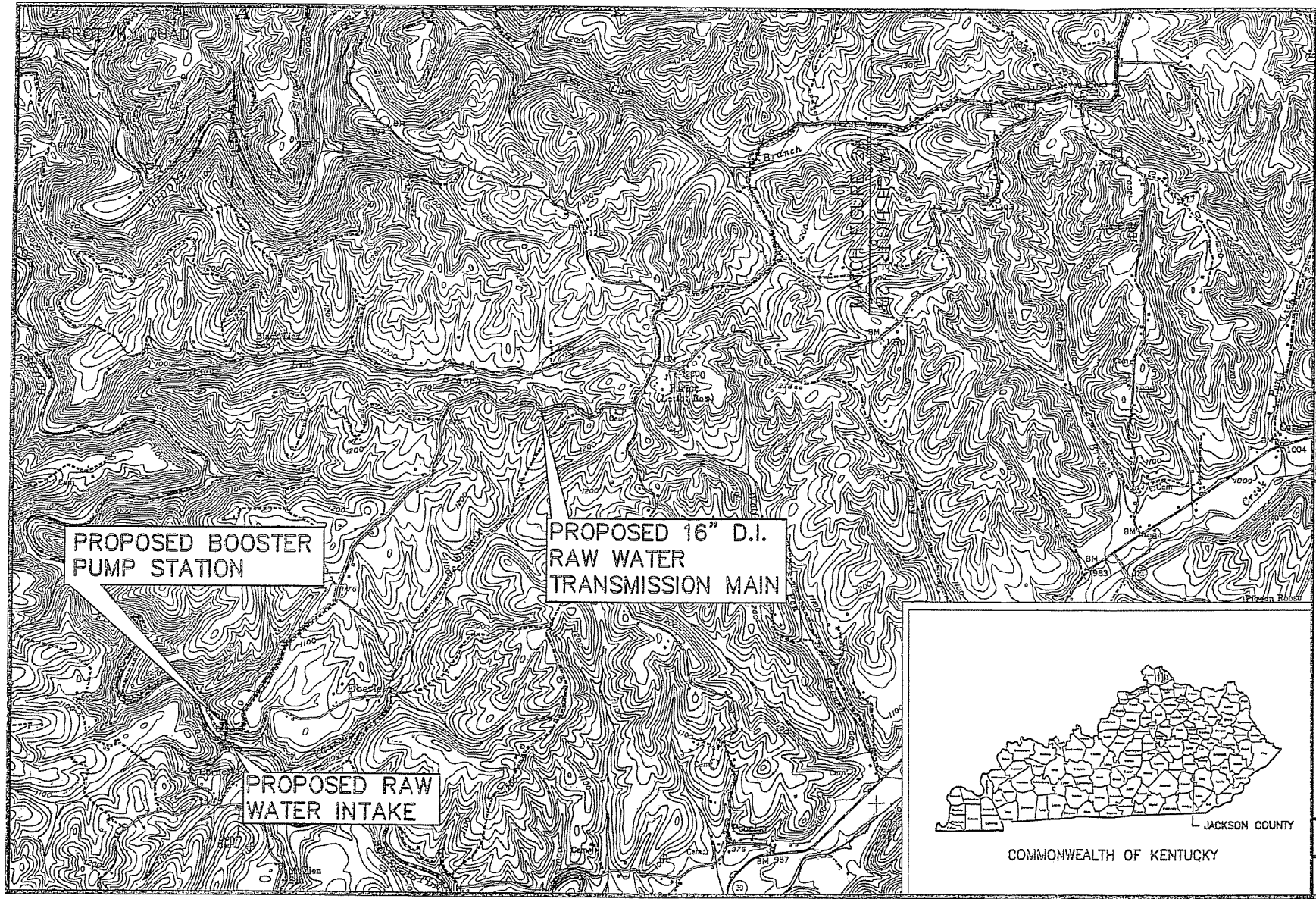
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PROJECT NO.
2006080

FIGURE
2-B

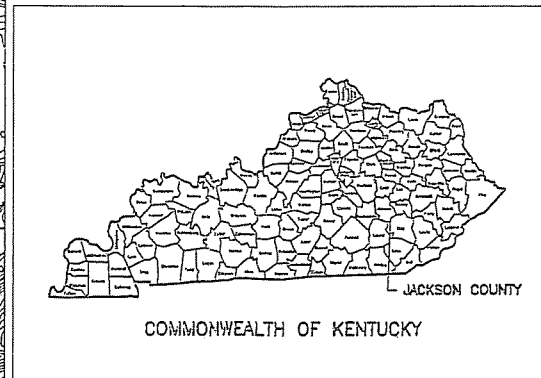
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PROPOSED BOOSTER PUMP STATION

PROPOSED 16" D.I. RAW WATER TRANSMISSION MAIN

PROPOSED RAW WATER INTAKE



JACKSON COUNTY WATER ASSOCIATION
RAW WATER TRANSMISSION MAIN
JACKSON COUNTY, KENTUCKY

DRAWN BY: PHH
CHECKED BY: BVT
DATE: FEB. 2009
SCALE: 1"=2000'
REV:

KENVIRONS, INC.
FRANKFORT, KENTUCKY



PROJECT NO.
2006080

FIGURE
2-A

Tyner Lake is the primary raw water source for JCWA. The earth filled dam was constructed in 1969 through the Kentucky Department of Natural Resources. The impoundment has a usable storage volume of 550,000,000 gallons, and the drainage area into the reservoir is 670 acres, or roughly one square mile. The earthen dam is in satisfactory condition, but the concrete riser is experiencing leaks and some accumulation of sediment has occurred over the years.

The capacity of the existing raw water supply is of critical importance to JCWA. Studies conducted by Kenviron, Inc., and concurred by the Kentucky Division of Water, determined the safe yield of the Tyner Lake to be approximately 0.70 mgd. This essentially means that 700,000 gallons may be removed from the reservoir every day during its useful life and the reservoir would not dry-up, or go empty. The "safe yield" of a reservoir is directly related to the drainage area into the reservoir. The larger the drainage area, the larger the yield. Since Tyner Lake has an extremely small watershed, the runoff during dry periods into the reservoir is less than the current water plant withdrawal rate.

Ideally, the runoff into a reservoir during the wet season would recharge the reservoir's depleted storage volume each year. During the period from 1998 to 2002, Tyner Lake never fully recharged and the water level dropped further each consecutive summer until JCWA installed a supplemental intake structure on Laurel Fork. At its lowest point, the water level in the reservoir had dropped 21.4 feet below normal pool and 71% of its storage volume was depleted. The supplemental intake can pump a maximum of 3.0 mgd into Tyner Lake but the number of days it can operate during a single season is severely limited due to the relatively small stream size. The existing supplemental intake has increased the safe yield of the raw water supply to approximately 1.0 mgd.

The existing supplemental intake was constructed as an emergency measure to recharge Tyner Lake, and was never intended to be a permanent facility. Downstream segments of Laurel Fork are habitat for the Cumberland Bean Mussel, an endangered species. In addition to the environmental concerns, the facility is plagued with operational problems such as plugging the pump suction with leaves and inadequate water depth needed to operate the pumps.

4.0 NEED FOR PROJECT

JCWA needs a reliable raw water source to be able to supply drinking water to current and future customers. As stated previously, the sustainable yield of the Water Association's supply reservoir, Tyner Lake, is only 0.70 mgd, and a supplemental intake was constructed during 2004 to increase the raw water supply capacity to 1.0 mgd. In 2007, the average daily production of the WTP

was 0.89 mgd, or 89% of the current raw water supply capacity. Without additional raw water, JCWA can not expand its distribution system into areas without potable water and growth within the County will be stagnant.

Several studies have been conducted to project the water needs of Jackson County. Table 1 summarizes the potable water projections from the studies;

TABLE 1

Author, Year, & Study Title	Projected Potable Water Need for Year 2050
Kenvirons, Inc, 1998, <i>Potable Water Projections for Jackson County Water Association</i>	2.77 mgd
Mangi Environmental Group, 1999, <i>Water Needs Analysis, Jackson County, Kentucky</i>	3.50 mgd
Rural Utilities Service, 2001, <i>Jackson County Lake Project, Final Environmental Impact Statement</i>	2.19 mgd

Based upon the water needs projections, it can be surmised that JCWA's drinking water demands will surpass the raw water capacity in the very near future. The Safe Drinking Water Act requires that the US Environmental Protection Agency and State agencies ensure water systems have the technical, managerial, and financial capacity to meet the National Primary Drinking Water Regulations. Capacity is defined as the ability of a water system to consistently provide safe drinking water for its customers, and includes the adequacy of the raw water supply.

The project proposed herein is part of an ongoing plan of the Association to provide potable water to all feasible residents in the County. The Cumberland Valley Health Department has documented widespread contamination of wells, springs and cisterns. In addition, many of these alternative water sources have insufficient capacity for even small households and/or too expensive for the residents to properly maintain. Extensions of JCWA's distribution system could provide safe drinking water to these households, but the raw water supply capacity must be increased before many of these line extensions are constructed.

5.0 ALTERNATIVES CONSIDERED

The community leaders in Jackson County, as well as JCWA, have been working to resolve the raw water supply deficiency for many years. Earlier attempts have primarily focused on constructing a new reservoir for both water supply and recreation, and this effort culminated with the Jackson County Lake Project (JCLP). The JCLP proposed a multi-use reservoir located on War Fork, and funding assistance applications were submitted to USDA Rural Utility Services (RUS), Appalachian Regional Commission, Economic Development Administration, and Community Development Block Grant Program. In response to the application and in accordance to the National Environmental Policy Act (NEPA), RUS initiated and prepared an Environmental Impact Statement (EIS). The Record of Decision (ROD) issued by RUS in 2001 identified the War Fork Reservoir as the preferred alternative and RUS agreed to fund the project provided that all local, State, and Federal permits were obtained. The required 404 Permit application was submitted to the US Army Corps of Engineers (USACE) and was denied approval. The Corps' Decision Document stated there were "practicable alternatives which accomplished the project purpose with less impact to the "waters of the United States".

The Environmental Impact Statement prepared for the Jackson County Lake Project considered numerous reservoir and non-reservoir alternatives. Table 2 lists the alternatives evaluated and the basis for their elimination from further study.

TABLE 2

Non-Reservoir Alternatives	Rationale For Elimination
Groundwater Development	Insufficient yield Potential for groundwater contamination
Expansion of Tyner Lake	Insufficient yield
Pump from Buckhorn Lake	Not cost effective Administrative and legal hurdles
Pump from Laurel Lake	Not cost effective
Pump from Wood Creek Lake	Not cost effective Insufficient yield
Water Conservation	Insufficient water saved to meet projected needs
Pump from Laurel Fork & Middle Fork of the Rockcastle River	Presence of Threatened and Endangered (T&E) Species Can not withstand multi-year drought
Pump from Indian Creek Rock Quarry	Presence of T&E Species Can not withstand multi-year drought Concerns over water quality and capacity
Pump from Lock 14, Kentucky River	Not cost effective

TABLE 2 (continued)

Reservoir Alternatives	Rationale For Elimination
Laurel Fork and Buzzard Branch	Presence of T&E Species Outstanding Resource Water (ORW) designation
Laurel Fork and McCammon Branch	Presence of T&E Species ORW designation
Hose Lick Creek	Presence of T&E Species ORW designation
South Fork of Station Camp Creek and Rock Lick	Wild and Scenic River designation
South Fork of Station Camp Creek and Cavanaugh Creek	Wild and Scenic River designation
South Fork of Station Camp Creek and War Fork	Wild and Scenic River designation
McCammon Branch	Presence of T&E Species Downstream feeds into an ORW
Mill Creek	Presence of T&E Species Downstream feeds into an ORW Insufficient yield
War Fork and Alcorn Branch	Wild and Scenic River designation
Travis Creek	Insufficient yield
Sturgeon Creek	Not as cost effective as preferred alternative

For more information relative to the evaluation of the alternatives, the reader is directed to the *Draft and Final Environmental Impact Statements*.

6.0 SELECTED ALTERNATIVE

Since the USACE's permit denial on the Lake Project, JCWA has continued its evaluation for an alternative raw water supply. Discussions with the Kentucky Division of Water indicated that environmental and permitting concerns would be minimal on the South Fork of the Rockcastle River. This alternative was not evaluated as part of the Lake Project's EIS since the pipeline length, and associated costs, would be more than the Middle Fork of the Rockcastle River alternative. It was also assumed that the threatened and endangered species concerns discovered on the Middle Fork would also exist on the South Fork of the Rockcastle River.

The location of the proposed withdrawal from the South Fork of the Rockcastle River is in the proximity of Eberle, Kentucky. The drainage area into the River at

this location is 135 square miles. This segment of the South Fork of the Rockcastle River has the largest watershed of all streams in Jackson County without a special use designation, i.e. Outstanding Resource Water. Due to the large drainage area, the volume of water that can be withdrawn at the proposed site is more than any other stream in the County. Larger sources of raw water such as the Kentucky River, Rockcastle River, and Wood Creek Reservoir are available, but the distances and costs associated to these resources are greater. The South Fork of the Rockcastle River is the most economical alternative supply that has sufficient raw water capacity to sustain the Association's projected water need.

Based on the above, the selected alternative is to install a water withdrawal intake on the South Fork of the Rockcastle River and transport the raw water through a 16" pipeline which will connect to the existing 12" transmission main developed for the Laurel Fork Supplemental Intake. The existing intake on Laurel Fork will be abandoned as requested by the Kentucky Division of Water.

7.0 PROPOSED PROJECT

The proposed project will consist of a supplemental intake structure located on the South Fork of the Rockcastle River, two (2) booster pump stations, and approximately 73,000 feet of 16" transmission main and appurtenances. The intake structure will be a reinforced concrete vault adjacent to the stream and a pipeline will be installed in a trench below the streambed for water withdrawals. Static screens will be utilized at the point of withdrawal to minimize wildlife and debris from entering the intake and to protect the pumps. The intake structure will house three (3) submersible pumps and the stream withdrawals will range from 1.0 to 4.0 million gallons per day, depending on the river's flow and time of year.

The intake structure and first booster pump station will be situated on the same tract of land bordered by Eberle-Cornett Road and the South Fork of the Rockcastle River. The intake will be constructed within the floodplain while the booster pump station will be situated well above the known inundation area. The booster pump station will be used to house the electrical drives and controls for the intake's submersible pumps. The intake and two (2) booster pump stations will be operated in series to keep the operating pressures below the allowable limits of the pipeline. A 16" pipeline will be constructed along existing roadways and connect to the existing 12" raw water transmission main. The water withdrawals will discharge into JCWA's supply reservoir, Tyner Lake.

The proposed facilities will increase JCWA's raw water supply capacity to 2.25 MGD, the current capacity of its water treatment plant. The Opinion of Probable

Cost for the complete project is \$6.34 million. Itemized estimates for the construction costs, Table 3, and non-construction costs, Table 4, are shown below. Also, Table 5 shows the anticipated project funding sources.

TABLE 3

Construction Costs

Item No.	Item Description	Unit	Quantity	Unit Price	Item Price
1	Raw Water Intake Structure	LS	1	\$750,000.00	\$750,000.00
2	Booster Pump Station	LS	2	350,000.00	700,000.00
3	16" D.I. Class 250 Pipe	LF	73,300	45.00	3,298,500.00
4	Bore and Case for 16" Pipe	LF	300	300.00	90,000.00
5	Tie-In to 12" Pipe	EA	1	6,500.00	6,500.00
6	16" Plug Valve	EA	20	5,000.00	100,000.00
7	Creek Crossings				
	7.1 Peter Cave Rd. 1	LS	1	10,000.00	10,000.00
	7.2 Peter Cave Rd. 2	LS	1	15,000.00	15,000.00
	7.3 Peter Cave Rd. 3	LS	1	10,000.00	10,000.00
	7.4 Bailey Rd. 1	LS	1	15,000.00	15,000.00
	7.5 Bailey Rd. 2	LS	1	10,000.00	10,000.00
10	Creek Crossing Test Meter	EA	5	600.00	3,000.00
11	Air/Vacuum Valves	EA	3	3,000.00	9,000.00
12	Blow-Off Assembly	EA	2	3,500.00	7,000.00
13	Pavement Replacement	EA	1,000	25.00	25,000.00
Total Construction Cost					\$5,049,000.00

TABLE 4

Project Costs

Construction Cost	\$5,049,000.00
Contingency	505,000.00
Engineering Design	341,000.00
Construction Observation	177,000.00
Preliminary Engineering Report	20,000.00
Geotechnical Exploration	14,000.00
Environmental Survey	15,000.00
Administration	50,000.00
Bond Counsel	23,000.00
Local Counsel	12,000.00
Interim Interest	134,000.00

Total Project Cost **\$6,340,000.00**

TABLE 5

Anticipated Project Funding	
Empowerment Zone (EZ) Grant	\$1,200,000.00
Rural Development (RD) Grant	1,542,000.00
Rural Development (RD) Loan	<u>3,598,000.00</u>
Total Project Cost	\$6,340,000.00

The EZ grant must be used by December 2009 or it will be forfeited.

8.0 LAND, RIGHTS, AND PERMITS

The intake and booster pump stations will be constructed on permanent easements which are being obtained by JCWA. Easement will also be obtained for instances where the pipeline is proposed on private property. The majority of the transmission main is planned to be constructed on public right-of-way and will require encroachment permits from the County and Kentucky Department of Highways.

Application will have to be filed with the Public Service Commission for a "Certificate of Public Convenience and Necessity" and final plans and specifications will need to be approved by the Kentucky Division of Water (KDOW). Table 6 contains a listing of the permits and approvals that have already been received from various federal and state agencies.

TABLE 6

Agency	Permit or Approvals
U.S. Fish and Wildlife Service	Kentucky Field Office Section 7 Clearance
U.S. Army Corps of Engineers	Department of Army Nationwide Permit #12
Kentucky Division of Water	Water Withdrawal Permit: No. 1609
Kentucky Division of Water	Stream Construction Permit: No. 17189
Kentucky Division of Water	Water Quality Certification Section 401

9.0 CONCLUSIONS AND RECOMMENDATIONS

The proposed raw water intake, booster pump stations, and transmission main from the South Fork of the Rockcastle River to the Jackson County Water Association's supply reservoir, Tyner Lake, is the most economical and environmentally sound alternative for increasing the County's raw water supply capacity. It is our recommendation that JCWA proceed with its "Applications for Federal Assistance" to fund the project, and preparation of final plans and specifications for KDOW approval.

An evaluation of the Water Association's current operating budget and the proposed project's capital, operating and maintenance costs was conducted to determine the project's impact on the water user rates. Based on the information contained in the Water Association's 2008 Annual Report to the Public Service Commission and the funding scenario outlined in Table 5, the user rates need to be increased by 34% to finance the proposed project. Appendix A contains the user impact study.

A Summary Addendum To Preliminary Engineering Report, Kentucky Guide 7 will be completed at a later date. The Summary Addendum outlines the project's feasibility.

**JACKSON COUNTY WATER ASSOCIATION
JACKSON COUNTY, KENTUCKY**

REVISED APPENDIX A

PRELIMINARY ENGINEERING REPORT

RAW WATER FACILITIES

AUGUST, 2009

Prepared By:

**KENVIRONS, INC.
452 VERSAILLES ROAD
FRANKFORT, KENTUCKY 40601**

PROJECT NO. 2006080

**EXISTING OPERATING BUDGET
FOR YEAR ENDING 2008**

REVENUE REQUIREMENTS	2008
1.0 Operation & Maintenance Expenses	
1.1 Source of Supply	272,042
1.2 Water Treatment	181,637
1.3 Transmission & Distribution	366,229
1.4 Customer Accounts	160,920
1.5 Administration & General	<u>254,980</u>
	\$1,235,808
2.0 Debt Service	
2.1 RD Annual Principal & Interest	\$303,361
2.2 KIA Annual Principal & Interest	<u>113,720</u>
	\$417,081
3.0 Debt Service Coverage, Reserve, & Service Fees	
3.1 RD	\$30,336
3.2 KIA	<u>1,700</u>
	\$32,036
4.0 Other	
4.1 Taxes Other Than Income	\$43,495
4.2 Depreciation Expenses	<u>532,013</u>
	\$575,508
TOTAL REVENUE REQUIREMENTS	<u>\$2,260,433</u>
UTILITY INCOME	
5.0 Operating Income	
5.1 Water Sales	\$1,681,931
5.2 Miscellaneous Services	<u>83,881</u>
	\$1,765,812
6.0 Non-Operating Income	
6.1 Interest on Deposits	\$95,132
6.2 Other, Non-Utility	<u>0</u>
	\$95,132
TOTAL UTILITY INCOME	<u>\$1,860,944</u>

REVENUE REQUIREMENTS FOR PROPOSED PROJECT

PROPOSED PROJECT FUNDING

Empowerment Zone Grant	\$1,200,000
Rural Development Grant	1,542,000
Rural Development Loan	<u>3,598,000</u>
	\$6,340,000

REVENUE REQUIREMENT FOR PROPOSED PROJECT

1.0 Operation & Maintenance Expenses	
1.1 Source of Supply	\$38,000
2.0 Debt Service	
RD Loan Amount	\$3,598,000
Term of Loan, Years	38
Interest Rate	2.75%
Capital Recovery Factor	0.0427
2.1 RD Annual Principal & Interest	\$153,806
3.0 Debt Service Coverage, Reserve, & Service Fees	
3.1 Rural Development Coverage at 10%	15,381
4.0 Other	
4.1 Depreciation Expenses (see Note 1)	<u>44,975</u>
TOTAL REVENUE REQUIREMENTS	
FOR PROPOSED PROJECT	\$214,162

Note 1 - Depreciation was evaluated using 50% of the RD Loan amount and applying straight-line depreciation over a 40 year life cycle.

REVISED REVENUE REQUIREMENTS AND PERCENT RATE INCREASE

1.0 Operation & Maintenance Expenses		
1.1 Existing	\$1,235,808	
1.2 Proposed	<u>38,000</u>	
		\$1,273,808
2.0 Debt Service		
2.1 Existing (see Note 2)	\$393,769	
2.2 Proposed	<u>153,806</u>	
		\$547,575
3.0 Debt Service Coverage, Reserve, & Service Fees		
3.1 Existing (see Note 3)	\$29,705	
3.2 Proposed	<u>15,381</u>	
		\$45,085
4.0 Taxes Other Than Income & Depreciation		
4.1 Existing	\$575,508	
4.2 Proposed	<u>44,975</u>	
		\$620,483
		<u>\$2,486,951</u>
PROJECTED REVENUE REQUIREMENTS		
Less Current Income from Miscellaneous Services and Non-Operating Sources	\$179,013	
		<u>\$2,307,938</u>
REVISED REVENUE REQUIREMENT FROM SALES		

PERCENT RATE INCREASE

$$\frac{\text{Revenue Required from Water Sales}}{\text{Current Water Sales Income}} = 37.22\%$$

Current Cost for 4,500 gallons.....	\$31.45
Proposed Cost for 4,500 gallons	\$43.16

Note 2 - Debt Service reduced by \$23,312 due to RD loan maturing in 2010

Note 3 - Coverage reduced by \$2,331 due to RD loan maturing in 2010

Jackson County Water Association
 Supplemental Raw Water Intake
 Billing Analysis for Year Ending March 31, 2009

EXISTING RATES

3/4" Meters; Residential

Water Use 1,000 Gal.	No. Bills	1,000 Gal.	First 2.0	Next 18.0	Next 30.0	Next 50.0
First 2.0	14,779	15,278.5	15,278.5			
Next 18.0	33,217	159,409.0	66,434.0	92,975.0		
Next 30.0	247	6,689.8	494.0	4,446.0	1,749.8	
Over 50.0	34	3,393.5	68.0	612.0	1,020.0	1,693.5
Totals	48,277	184,770.8	82,274.5	98,033.0	2,769.8	1,693.5
Min Bill & Rate per 1,000 Gal.			\$15.00	\$6.58	\$5.45	\$4.26
Revenue			\$724,155	\$645,057	\$15,095	\$7,214
TOTAL REVENUE			\$1,391,522			

1" Meters; Residential

Water Use 1,000 Gal.	No. Bills	1,000 Gal.	First 5.0	Next 15.0	Next 30.0	Next 50.0
First 5.0	6	20.8	20.8			
Next 15.0	25	237.9	50.0	187.9		
Next 30.0	3	87.1	6.0	54.0	27.1	
Over 50.0	2	124.5	4.0	36.0	60.0	24.5
Totals	36	470.3	80.8	277.9	87.1	24.5
Min Bill & Rate per 1,000 Gal.			\$34.85	\$6.58	\$5.45	\$4.26
Revenue			\$1,255	\$1,829	\$475	\$104
TOTAL REVENUE			\$3,662			

1.5" Meters; Residential

Water Use 1,000 Gal.	No. Bills	1,000 Gal.	First 10.0	Next 10.0	Next 30.0	Next 50.0
First 10.0	0	0.0	0.0			
Next 10.0	0	0.0	0.0	0.0		
Next 30.0	0	0.0	0.0	0.0	0.0	
Over 50.0	0	0.0	0.0	0.0	0.0	0.0
Totals	0	0.0	0.0	0.0	0.0	0.0
Min Bill & Rate per 1,000 Gal.			\$67.75	\$6.58	\$5.45	\$4.26
Revenue			\$0	\$0	\$0	\$0
TOTAL REVENUE			\$0			

2" Meters; Residential

Water Use 1,000 Gal.	No. Bills	1,000 Gal.	First 20.0	Next 30.0	Next 50.0
First 20.0	0	0.0	0.0		
Next 30.0	0	0.0	0.0	0.0	
Over 50.0	0	0.0	0.0	0.0	0.0
Totals	0	0.0	0.0	0.0	0.0
Min Bill & Rate per 1,000 Gal.			\$133.55	\$5.45	\$4.26
Revenue			\$0	\$0	\$0
TOTAL REVENUE			\$0		

3/4" Meters; Non-Residential

Water Use 1,000 Gal.	No. Bills	1,000 Gal.	First 2.0	Next 18.0	Next 30.0	Next 50.0
First 2.0	1,567	842.9	842.9			
Next 18.0	796	5,050.4	1,592.0	3,458.4		
Next 30.0	50	1,551.8	100.0	900.0	551.8	
Over 50.0	8	927.2	16.0	144.0	240.0	527.2
Totals	2,421	8,372.3	2,550.9	4,502.4	791.8	527.2
Min Bill & Rate per 1,000 Gal.			\$15.00	\$6.58	\$5.45	\$4.26
Revenue			\$36,315	\$29,626	\$4,315	\$2,246
TOTAL REVENUE			\$72,502			

1" Meters; Non-Residential

Water Use 1,000 Gal.	No. Bills	1,000 Gal.	First 5.0	Next 15.0	Next 30.0	Next 50.0
First 5.0	55	107.6	107.6			
Next 15.0	73	820.9	146.0	674.9		
Next 30.0	4	107.1	8.0	72.0	27.1	
Over 50.0	1	61.1	2.0	18.0	30.0	11.1
Totals	133	1,096.7	263.6	764.9	57.1	11.1
Min Bill & Rate per 1,000 Gal.			\$34.85	\$6.58	\$5.45	\$4.26
Revenue			\$4,635	\$5,033	\$311	\$47
TOTAL REVENUE			\$10,027			

1.5" Meters; Non-Residential

Water Use 1,000 Gal.	No. Bills	1,000 Gal.	First 10.0	Next 10.0	Next 30.0	Next 50.0
First 10.0	9	55.2	55.2			
Next 10.0	4	54.2	8.0	46.2		
Next 30.0	20	696.1	40.0	360.0	296.1	
Over 50.0	15	1,464.4	30.0	270.0	450.0	714.4
Totals	48	2,269.9	133.2	676.2	746.1	714.4
Min Bill & Rate per 1,000 Gal.			\$67.75	\$6.58	\$5.45	\$4.26
Revenue			\$3,252	\$4,449	\$4,066	\$3,043
TOTAL REVENUE			\$14,811			

2" Meters; Non-Residential

Water Use 1,000 Gal.	No. Bills	1,000 Gal.	First 20.0	Next 30.0	Next 50.0
First 20.0	50	324.4	324.4		
Next 30.0	20	679.0	40.0	639.0	
Over 50.0	26	5,099.7	52.0	468.0	4,579.7
Totals	96	6,103.1	416.4	1,107.0	4,579.7
Min Bill & Rate per 1,000 Gal.			\$133.55	\$5.45	\$4.26
Revenue			\$12,821	\$6,033	\$19,510
TOTAL REVENUE			\$38,363		

Jackson County Water Association
 Supplemental Raw Water Intake
 Billing Analysis for Year Ending March 31, 2009

EXISTING RATES

3" Meters; Residential

Water Use 1,000 Gal.	No. Bills	1,000 Gal.	First 30.0	Next 20.0	Next 50.0
First 30.0	0	0.0	0.0		
Next 20.0	0	0.0	0.0	0.0	
Over 50.0	0	0.0	0.0	0.0	0.0
Totals	0	0.0	0.0	0.0	0.0
Min Bill & Rate per 1,000 Gal.			\$188.05	\$5.45	\$4.26
Revenue			\$0	\$0	\$0
TOTAL REVENUE			\$0		

4" Meters; Residential

Water Use 1,000 Gal.	No. Bills	1,000 Gal.	First 40.0	Next 10.0	Next 50.0
First 40.0	0	0.0	0.0		
Next 10.0	0	0.0	0.0	0.0	
Over 50.0	0	0.0	0.0	0.0	0.0
Totals	0	0.0	0.0	0.0	0.0
Min Bill & Rate per 1,000 Gal.			\$242.55	\$5.45	\$4.26
Revenue			\$0	\$0	\$0
TOTAL REVENUE			\$0		

RESIDENTIAL TOTALS

No. of Bills	48,313
Usage (1,000 gallons)	185,241
Revenue	\$1,395,184

Wholesale Water Customers

Utility	Usage 1,000 Gal.	Rate per 1,000 Gal.	Water Revenue
Eastern Rockcastle WD	14,618.0	\$2.66	\$38,884
City of Beattyville	7,760.0	\$2.55	19,788.0
City of McKee	499.0	\$2.39	1,192.6
Estill County WD No.1	585.0	\$2.55	1,491.8
Bulk Loading Stations	93.0	\$2.25	\$209.25
Totals	23,555.0		\$61,565

3" Meters; Non-Residential

Water Use 1,000 Gal.	No. Bills	1,000 Gal.	First 30.0	Next 20.0	Next 50.0
First 30.0	0	0.0	0.0		
Next 20.0	0	0.0	0.0	0.0	
Over 50.0	0	0.0	0.0	0.0	0.0
Totals	0	0.0	0.0	0.0	0.0
Min Bill & Rate per 1,000 Gal.			\$188.05	\$5.45	\$4.26
Revenue			\$0	\$0	\$0
TOTAL REVENUE			\$0		

4" Meters; Non-Residential

Water Use 1,000 Gal.	No. Bills	1,000 Gal.	First 40.0	Next 10.0	Next 50.0
First 40.0	0	0.0	0.0		
Next 10.0	0	0.0	0.0	0.0	
Over 50.0	12	1,457.0	24.0	216.0	1,217.0
Totals	12	1,457.0	24.0	216.0	1,217.0
Min Bill & Rate per 1,000 Gal.			\$242.55	\$5.45	\$4.26
Revenue			\$2,911	\$1,177	\$5,184
TOTAL REVENUE			\$9,272		

NON-RESIDENTIAL TOTALS

No. of Bills	2,710
Usage (1,000 gallons)	19,299
Revenue	\$144,975

JACKSON COUNTY WATER ASSOCIATION TOTALS

No. of Bills	51,083
Usage (1,000 gallons)	228,095.1
Revenue	\$1,601,725

Jackson County Water Association
 Supplemental Raw Water Intake
 Billing Analysis for Year Ending June 30, 2009

PROPOSED RATES

3/4" Meters; Residential

Water Use 1,000 Gal.	No. Bills	1,000 Gal.	First 2.0	Next 18.0	Next 30.0	Next 50.0
First	2.0	14,779	15,278.5	15,278.5		
Next	18.0	33,217	159,409.0	66,434.0	92,975.0	
Next	30.0	247	6,689.8	494.0	4,446.0	1,749.8
Over	50.0	34	3,393.5	68.0	612.0	1,020.0
Totals	48,277	184,770.8	82,274.5	98,033.0	2,769.8	1,693.5
Min Bill & Rate per 1,000 Gal.			\$20.58	\$9.03	\$7.48	\$5.85
Revenue			\$993,541	\$885,238	\$20,718	\$9,907
TOTAL REVENUE			\$1,909,404			

1" Meters; Residential

Water Use 1,000 Gal.	No. Bills	1,000 Gal.	First 5.0	Next 15.0	Next 30.0	Next 50.0
First	5.0	6	20.8	20.8		
Next	15.0	25	237.9	50.0	187.9	
Next	30.0	3	87.1	6.0	54.0	27.1
Over	50.0	2	124.5	4.0	36.0	60.0
Totals	36	470.3	80.8	277.9	87.1	24.5
Min Bill & Rate per 1,000 Gal.			\$47.67	\$9.03	\$7.48	\$5.85
Revenue			\$1,716	\$2,509	\$652	\$143
TOTAL REVENUE			\$5,020			

1.5" Meters; Residential

Water Use 1,000 Gal.	No. Bills	1,000 Gal.	First 10.0	Next 10.0	Next 30.0	Next 50.0
First	10.0	0	0.0	0.0		
Next	10.0	0	0.0	0.0		
Next	30.0	0	0.0	0.0	0.0	
Over	50.0	0	0.0	0.0	0.0	0.0
Totals	0	0.0	0.0	0.0	0.0	0.0
Min Bill & Rate per 1,000 Gal.			\$92.82	\$9.03	\$7.48	\$5.85
Revenue			\$0	\$0	\$0	\$0
TOTAL REVENUE			\$0			

2" Meters; Residential

Water Use 1,000 Gal.	No. Bills	1,000 Gal.	First 20.0	Next 30.0	Next 50.0
First	20.0	0	0.0		
Next	30.0	0	0.0	0.0	
Over	50.0	0	0.0	0.0	0.0
Totals	0	0.0	0.0	0.0	0.0
Min Bill & Rate per 1,000 Gal.			\$183.12	\$7.48	\$5.85
Revenue			\$0	\$0	\$0
TOTAL REVENUE			\$0		

3/4" Meters; Non-Residential

Water Use 1,000 Gal.	No. Bills	1,000 Gal.	First 2.0	Next 18.0	Next 30.0	Next 50.0
First	2.0	1,567	842.9	842.9		
Next	18.0	796	5,050.4	1,592.0	3,458.4	
Next	30.0	50	1,551.8	100.0	900.0	551.8
Over	50.0	8	927.2	16.0	144.0	240.0
Totals	2,421	8,372.3	2,550.9	4,502.4	791.8	527.2
Min Bill & Rate per 1,000 Gal.			\$20.58	\$9.03	\$7.48	\$5.85
Revenue			\$49,824	\$40,657	\$5,923	\$3,084
TOTAL REVENUE			\$99,488			

1" Meters; Non-Residential

Water Use 1,000 Gal.	No. Bills	1,000 Gal.	First 5.0	Next 15.0	Next 30.0	Next 50.0
First	5.0	55	107.6	107.6		
Next	15.0	73	820.9	146.0	674.9	
Next	30.0	4	107.1	8.0	72.0	27.1
Over	50.0	1	61.1	2.0	18.0	30.0
Totals	133	1,096.7	263.6	764.9	57.1	11.1
Min Bill & Rate per 1,000 Gal.			\$47.67	\$9.03	\$7.48	\$5.85
Revenue			\$6,340	\$6,907	\$427	\$65
TOTAL REVENUE			\$13,739			

1.5" Meters; Non-Residential

Water Use 1,000 Gal.	No. Bills	1,000 Gal.	First 10.0	Next 10.0	Next 30.0	Next 50.0
First	10.0	9	55.2	55.2		
Next	10.0	4	54.2	8.0	46.2	
Next	30.0	20	696.1	40.0	360.0	296.1
Over	50.0	15	1,464.4	30.0	270.0	450.0
Totals	48	2,269.9	133.2	676.2	746.1	714.4
Min Bill & Rate per 1,000 Gal.			\$92.82	\$9.03	\$7.48	\$5.85
Revenue			\$4,455	\$6,106	\$5,581	\$4,179
TOTAL REVENUE			\$20,322			

2" Meters; Non-Residential

Water Use 1,000 Gal.	No. Bills	1,000 Gal.	First 20.0	Next 30.0	Next 50.0
First	20.0	50	324.4	324.4	
Next	30.0	20	679.0	40.0	639.0
Over	50.0	26	5,099.7	52.0	468.0
Totals	96	6,103.1	416.4	1,107.0	4,579.7
Min Bill & Rate per 1,000 Gal.			\$183.12	\$7.48	\$5.85
Revenue			\$17,580	\$8,280	\$26,791
TOTAL REVENUE			\$52,651		

Jackson County Water Association
 Supplemental Raw Water Intake
 Billing Analysis for Year Ending June 30, 2009

PROPOSED RATES

3" Meters; Residential

Water Use 1,000 Gal.	No. Bills	1,000 Gal.	First 30.0	Next 20.0	Next 50.0
First	30.0	0	0.0	0.0	
Next	20.0	0	0.0	0.0	
Over	50.0	0	0.0	0.0	0.0
Totals		0	0.0	0.0	0.0
Min Bill & Rate per 1,000 Gal.			\$257.92	\$7.48	\$5.85
Revenue			\$0	\$0	\$0
TOTAL REVENUE			\$0		

4" Meters; Residential

Water Use 1,000 Gal.	No. Bills	1,000 Gal.	First 40.0	Next 10.0	Next 50.0
First	40.0	0	0.0	0.0	
Next	10.0	0	0.0	0.0	
Over	50.0	0	0.0	0.0	0.0
Totals		0	0.0	0.0	0.0
Min Bill & Rate per 1,000 Gal.			\$332.72	\$7.48	\$5.85
Revenue			\$0	\$0	\$0
TOTAL REVENUE			\$0		

RESIDENTIAL TOTALS

No. of Bills	48,313
Usage (1,000 gallons)	185,241
Revenue	\$1,914,424

Wholesale Water Customers

Utility	Usage 1,000 Gal.	Rate per 1,000 Gal.	Water Revenue
Eastern Rockcastle WD	14,618.0	\$3.65	\$53,356
City of Beattyville	7,760.0	\$3.50	27,160.0
City of McKee	499.0	\$3.28	1,636.7
Estill County WD No.1	585.0	\$3.50	2,047.5
Bulk Loading Stations	93.0	\$3.09	\$287.37
Totals	23,555.0		\$84,487

3" Meters; Non-Residential

Water Use 1,000 Gal.	No. Bills	1,000 Gal.	First 30.0	Next 20.0	Next 50.0
First	30.0	0	0.0	0.0	
Next	20.0	0	0.0	0.0	
Over	50.0	0	0.0	0.0	0.0
Totals		0	0.0	0.0	0.0
Min Bill & Rate per 1,000 Gal.			\$257.92	\$7.48	\$5.85
Revenue			\$0	\$0	\$0
TOTAL REVENUE			\$0		

4" Meters; Non-Residential

Water Use 1,000 Gal.	No. Bills	1,000 Gal.	First 40.0	Next 10.0	Next 50.0
First	40.0	0	0.0	0.0	
Next	10.0	0	0.0	0.0	
Over	50.0	12	1,457.0	24.0	216.0
Totals		12	1,457.0	24.0	216.0
Min Bill & Rate per 1,000 Gal.			\$332.72	\$7.48	\$5.85
Revenue			\$3,993	\$1,616	\$7,119
TOTAL REVENUE			\$12,728		

NON-RESIDENTIAL TOTALS

No. of Bills	2,710
Usage (1,000 gallons)	19,299
Revenue	\$198,927

JACKSON COUNTY WATER ASSOCIATION TOTALS

No. of Bills	51,083
Usage (1,000 gallons)	228,095.1
Revenue	\$2,197,839

ADDITIONAL REVENUE GENERATE \$596,114

37.22%

**Jackson County Water Association
Supplemental Raw Water Intake**

Proposed Percent Rate Increase 37.22%

3/4" Meter

Water Use		Existing Rate	Proposed Rate
First	2,000	\$15.00 Min. Bill	\$20.58 Min. Bill
Next	18,000	\$6.58 /1,000 gal.	\$9.03 /1,000 gal.
Next	30,000	\$5.45 /1,000 gal.	\$7.48 /1,000 gal.
Over	50,000	\$4.26 /1,000 gal.	\$5.85 /1,000 gal.

1" Meter

Water Use		Existing Rate	Proposed Rate
First	5,000	\$34.85 Min. Bill	\$47.67 Min. Bill
Next	15,000	\$6.58 /1,000 gal.	\$9.03 /1,000 gal.
Next	30,000	\$5.45 /1,000 gal.	\$7.48 /1,000 gal.
Over	50,000	\$4.26 /1,000 gal.	\$5.85 /1,000 gal.

1-1/2" Meter

Water Use		Existing Rate	Proposed Rate
First	10,000	\$67.75 Min. Bill	\$92.82 Min. Bill
Next	10,000	\$6.58 /1,000 gal.	\$9.03 /1,000 gal.
Next	30,000	\$5.45 /1,000 gal.	\$7.48 /1,000 gal.
Over	50,000	\$4.26 /1,000 gal.	\$5.85 /1,000 gal.

2" Meter

Water Use		Existing Rate	Proposed Rate
First	20,000	\$133.55 Min. Bill	\$183.12 Min. Bill
Next	30,000	\$5.45 /1,000 gal.	\$7.48 /1,000 gal.
Over	50,000	\$4.26 /1,000 gal.	\$5.85 /1,000 gal.

3" Meter

Water Use		Existing Rate	Proposed Rate
First	30,000	\$188.05 Min. Bill	\$257.92 Min. Bill
Next	20,000	\$5.45 /1,000 gal.	\$7.48 /1,000 gal.
Over	50,000	\$4.26 /1,000 gal.	\$5.85 /1,000 gal.

4" Meter

Water Use		Existing Rate	Proposed Rate
First	40,000	\$242.55 Min. Bill	\$332.72 Min. Bill
Next	10,000	\$5.45 /1,000 gal.	\$7.48 /1,000 gal.
Over	50,000	\$4.26 /1,000 gal.	\$5.85 /1,000 gal.

Wholesale Users

Utility	Existing Rate	Proposed Rate
Eastern Rockcastle WA	\$2.66 /1,000 gal.	\$3.65 /1,000 gal.
City of Beattyville	\$2.55 /1,000 gal.	\$3.50 /1,000 gal.
City of McKee	\$2.39 /1,000 gal.	\$3.28 /1,000 gal.
Estill Co. WD No. 1	\$2.55 /1,000 gal.	\$3.50 /1,000 gal.
Bulk Loading Stations	\$2.25 /1,000 gal.	\$3.09 /1,000 gal.

FINAL ENGINEERING REPORT

for

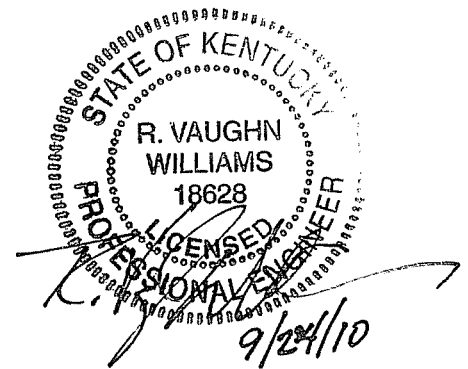
JACKSON COUNTY WATER ASSOCIATION SUPPLEMENTAL RAW WATER INTAKE ON THE SOUTH FORK OF THE ROCKCASTLE RIVE

CONTRACT 1 – RAW WATER TRANSMISSION MAIN
AND
CONTRACT 2 – RAW WATER PUMPING FACILITIES

prepared by:

KENVIRONS, INC.
452 VERSAILLES ROAD
FRANKFORT, KENTUCKY 40601

PROJECT No. 2006080



SEPTEMBER, 2010

INTRODUCTION

The Jackson County Water Association made applications for financial assistance to Rural Development, Empowerment Zone and the Kentucky Infrastructure Authority for the Supplemental Raw Water Intake on the South Fork of the Rockcastle River. A Preliminary Engineering Report dated March, 2009 was prepared describing the need and scope of this project and is included herewith by reference. This project was bid as two distinct projects: Contract 1 - Raw Water Transmission Main and Contract 2 - Raw Water Pumping Facilities projects.

BIDS

Bids were opened and read aloud at 2:00 P.M. on September 14, 2010 at the Jackson County Water Association Office. Ten (10) bids ranging from \$3,039,094 to \$5,454,467 were received for Contract 1 -- Raw Water Transmission Main. The low bidder was Akins Excavating Company, Inc of Corbin, Kentucky.

Following the Contract 1 bid opening, the bids for Contract 2 were opened and read aloud. Five (5) bids ranging from \$1,349,000 to \$2,387,000 were received for Contract 2 -- Raw Water Pumping Facilities. The low bidder was Kay & Kay Contracting, LLC or London, Kentucky. Certified bid tabulations are contained in Appendix A.

PROJECT COST

The Jackson County Water Association has actively pursued funding for the proposed project. Table 1 is a summary of the funding commitments from federal and state agencies;

TABLE 1 – Project Funding

Empowerment Zone (EZ) Grant	\$1,200,000.00
Rural Development (RD) Grant	1,542,000.00
Rural Development (RD) Loan	<u>3,598,000.00</u>
Total Funding Available	\$6,340,000.00

Table 2 outlines the project budget, based upon the bids received, assuming the Association accepts the bids for Contract 1 and Contract 2,

TABLE 2 – Project Budget

Development	
Contract 1 – R.W. Transmission Main	\$ 3,039,094
Contract 2 – R.W. Pumping Facilities	\$ 1,349,000
Engineering	
Design	\$ 300,200
Observation	\$ 159,900
Preliminary Engineering Report	\$ 20,000
Environmental Survey	\$ 11,250
Administration	\$ 43,900
Local Counsel	\$ 10,550
Interest	\$ 116,900
Contingency	\$ 1,289,206
Total Funding Available	\$ 6,340,000

RECOMMENDATIONS

1. It is recommended that the contract for Contract 1 – Raw Water Transmission Main be awarded to Aikins Excavating Company, Inc. in the amount of \$3,039,094. The contractor has constructed other similar projects and all reference checks have been exceptional.
2. It is recommended that the contract for Contract 2 – Raw Water Pumping Facilities be awarded to Kay & Kay Contracting, LLC in the amount of \$1,349,000. The contractor has constructed other similar projects, but they have grossly exceeded the allotted construction time on previous projects designed by Kenvirons, Inc. Additional effort will be required by the Water Association and Kenvirons to direct the Contractor to stay on schedule.
3. It is recommended that the user rates be adjusted to generate the revenue required to pay the debt service, coverage, and depreciation cost associated with these projects. The new rates shall be as outlined in the Preliminary Engineering Report and the RD Letter of Conditions.

APPENDIX A
CERTIFIED BID TABULATIONS

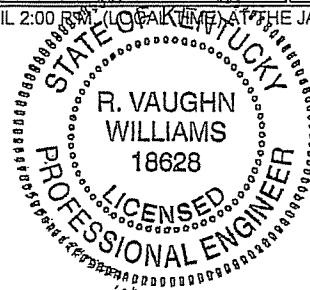
KENVIRONS, INC.
 452 VERSAILLES ROAD
 FRANKFORT, KENTUCKY 40601
 TEL (502) 695-4357
 FAX (502) 695-4363

BID TABULATIONS
 PROJECT: CONTRACT 1 - RAW WATER TRANSMISSION MAIN
 LOCATION: JACKSON COUNTY WATER ASSOCIATION
 BID DATE: SEPTEMBER 14, 2010 @ 2:00 P.M. (LOCAL TIME)

Base Bid				Akins Excavating Company, Inc. 182 Busy Lane Corbin, Kentucky 40701		Clay Pipeline, Inc. 70 Fox Hollow Road Manchester, Kentucky 40962		Cleary Construction, Inc. 2006 Edmonton Road Tompkinsville, Kentucky 42167	
ITEM NO.	ITEM DESCRIPTION	UNIT	QUANTITY	UNIT COST	COST	UNIT COST	COST	UNIT COST	COST
1	16" D.I. Class 250 Pipe	LF	35,300	\$43.00	\$1,517,900.00	\$46.10	\$1,627,330.00	\$45.00	\$1,588,500.00
2	16" D.I. Cl. 250, w/Locking Gaskets	LF	465	71.00	33,015.00	67.00	31,155.00	65.60	30,504.00
3	16" PVC, C905 DR-21 Pipe	LF	33,700	29.00	977,300.00	28.50	960,450.00	35.90	1,209,830.00
4	3" PVC, SDR-17	LF	9,065	10.60	96,089.00	6.00	54,390.00	10.00	90,650.00
5	2" PVC, SDR-17	LF	1,700	10.50	17,850.00	5.50	9,350.00	9.00	15,300.00
6	Bored Encasement for 16: Pipe	LF	320	150.00	48,000.00	150.00	48,000.00	200.00	64,000.00
7	Open Cut Encasement for 3" Pipe	LF	40	30.00	1,200.00	36.00	1,440.00	55.00	2,200.00
8	Tie-in with 12" Gate Valve	EA	1	1,800.00	1,800.00	3,700.00	3,700.00	8,825.00	8,825.00
9	Tie-in to Existing 3" Waterline	EA	1	550.00	550.00	2,050.00	2,050.00	935.00	935.00
10	16" Gate Valve	EA	17	5,300.00	90,100.00	6,548.00	111,316.00	6,450.00	109,650.00
11	3" Gate Valve	EA	9	635.00	5,715.00	900.00	8,100.00	700.00	6,300.00
12	2" Gate Valve	EA	1	545.00	545.00	765.00	765.00	600.00	600.00
13	16" Creek Crossing	LF	240	82.00	19,680.00	149.00	35,760.00	85.00	20,400.00
14	3" Creek Crossing	LF	50	50.00	2,500.00	25.00	1,250.00	63.00	3,150.00
15	Air-Vacuum Valves	EA	11	2,000.00	22,000.00	6,460.00	71,060.00	3,500.00	38,500.00
16	6" Blow-Off Assembly	EA	8	1,925.00	15,400.00	2,475.00	19,800.00	3,070.00	24,560.00
17	3" Blow-Off Assembly	EA	2	875.00	1,750.00	1,525.00	3,050.00	1,260.00	2,520.00
18	2" Blow-Off Assembly	EA	1	725.00	725.00	1,368.00	1,368.00	1,200.00	1,200.00
19	3/4" x 5/8" Meter Setting w/Ind. PRV	EA	7	925.00	6,475.00	1,325.00	9,275.00	760.00	5,320.00
20	12" Pipe Insulation at Mildred Rd. Bridge	LS	1	5,000.00	5,000.00	500.00	500.00	6,000.00	6,000.00
21	Pavement Replacement:				0.00		0.00		0.00
	21.1 Crushed Stone	LF	1,200	4.00	4,800.00	3.00	3,600.00	15.00	18,000.00
	21.2 Light Duty Bituminous	LF	16,940	5.00	84,700.00	5.00	84,700.00	1.00	16,940.00
	21.3 Heavy Duty Bituminous	LF	13,750	6.00	82,500.00	5.00	68,750.00	1.00	13,750.00
	21.4 Concrete	LF	100	35.00	3,500.00	50.00	5,000.00	60.00	6,000.00
TOTAL BASE BID					\$3,039,094.00		\$3,162,159.00		\$3,283,634.00

THE ABOVE IS A TRUE AND COMPLETE TABULATION OF BIDS RECEIVED UNTIL 2:00 P.M. (LOCAL TIME) AT THE JACKSON COUNTY WATER ASSOCIATION OFFICE, TYNER, KY 40486

BY: R. Vaughn Williams by CF 9-15-10
 R. VAUGHN WILLIAMS, PE DATE



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

BID TABULATIONS
 PROJECT: CONTRACT 1 - RAW WATER TRANSMISSION MAIN
 LOCATION: JACKSON COUNTY WATER ASSOCIATION
 BID DATE: SEPTEMBER 14, 2010 @ 2:00 P.M. (LOCAL TIME)

Base Bid				Laurel Construction Co., Inc. 5209 Somerset Road London, Kentucky 40741		Grant's Excavating P.O. Box 298 Richmond, Kentucky 40476		Irvine Contracting, LLC 1134 Tom Cat Trail London, Kentucky 40741	
ITEM NO	ITEM DESCRIPTION	UNIT	QUANTITY	UNIT COST	COST	UNIT COST	COST	UNIT COST	COST
1	16" D.I. Class 250 Pipe	LF	35,300	\$50.00	\$1,765,000.00	\$42.41	\$1,497,073.00	\$50.00	\$1,765,000.00
2	16" D.I. Cl. 250, w/Locking Gaskets	LF	465	65.00	30,225.00	62.50	29,062.50	74.50	34,642.50
3	16" PVC, C905 DR-21 Pipe	LF	33,700	40.00	1,348,000.00	32.00	1,078,400.00	37.89	1,276,893.00
4	3" PVC, SDR-17	LF	9,065	5.50	49,857.50	11.00	99,715.00	5.50	49,857.50
5	2" PVC, SDR-17	LF	1,700	4.50	7,650.00	10.00	17,000.00	6.00	10,200.00
6	Bored Encasement for 16" Pipe	LF	320	250.00	80,000.00	280.00	89,600.00	195.00	62,400.00
7	Open Cut Encasement for 3" Pipe	LF	40	30.00	1,200.00	35.00	1,400.00	25.00	1,000.00
8	Tie-In with 12" Gate Valve	EA	1	4,000.00	4,000.00	3,000.00	3,000.00	3,500.00	3,500.00
9	Tie-In to Existing 3" Waterline	EA	1	2,000.00	2,000.00	500.00	500.00	500.00	500.00
10	16" Gate Valve	EA	17	4,500.00	76,500.00	6,000.00	102,000.00	6,562.96	111,570.32
11	3" Gate Valve	EA	9	450.00	4,050.00	600.00	5,400.00	625.00	5,625.00
12	2" Gate Valve	EA	1	350.00	350.00	425.00	425.00	600.00	600.00
13	16" Creek Crossing	LF	240	110.00	26,400.00	150.00	36,000.00	85.00	20,400.00
14	3" Creek Crossing	LF	50	30.00	1,500.00	70.00	3,500.00	35.00	1,750.00
15	Air-Vacuum Valves	EA	11	2,000.00	22,000.00	4,500.00	49,500.00	4,500.00	49,500.00
16	6" Blow-Off Assembly	EA	8	2,500.00	20,000.00	2,500.00	20,000.00	3,500.00	28,000.00
17	3" Blow-Off Assembly	EA	2	1,500.00	3,000.00	850.00	1,700.00	1,100.00	2,200.00
18	2" Blow-Off Assembly	EA	1	1,400.00	1,400.00	650.00	650.00	850.00	850.00
19	3/4" x 5/8" Meter Setting w/Ind. PRV	EA	7	900.00	6,300.00	600.00	4,200.00	700.00	4,900.00
20	12" Pipe Insulation at Mildred Rd. Bridge	LS	1	18,000.00	18,000.00	10,000.00	10,000.00	5,000.00	5,000.00
21	Pavement Replacement:				0.00		0.00		0.00
	21.1 Crushed Stone	LF	1,200	2.75	3,300.00	9.37	11,244.00	5.00	6,000.00
	21.2 Light Duty Bituminous	LF	16,940	2.80	47,432.00	14.90	252,406.00	6.50	110,110.00
	21.3 Heavy Duty Bituminous	LF	13,750	3.00	41,250.00	20.67	284,212.50	6.50	89,375.00
	21.4 Concrete	LF	100	25.00	2,500.00	160.00	16,000.00	25.00	2,500.00
TOTAL BASE BID					\$3,561,914.50		\$3,612,988.00		\$3,642,373.32

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

BID TABULATIONS
 PROJECT: CONTRACT 1 - RAW WATER TRANSMISSION MAIN
 LOCATION: JACKSON COUNTY WATER ASSOCIATION
 BID DATE: SEPTEMBER 14, 2010 @ 2:00 P.M. (LOCAL TIME)

Base Bid				US Rentals & Construction, Inc. P.O. Box 3194 Pikeville, Kentucky 41502		B.P. Pipeline 269 Pebble Lane Quincy, KY 41166		G & W Construction Co., Inc. 6730 Flemingsburg Road Morehead, Kentucky 40351		Smith Contractors, Inc. P.O. Box 480 Lawrenceburg, Kentucky 40342	
ITEM NO.	ITEM DESCRIPTION	UNIT	QUANTITY	UNIT COST	COST	UNIT COST	COST	UNIT COST	COST	UNIT COST	COST
1	16" D.I. Class 250 Pipe	LF	35,300	\$49.50	\$1,747,350.00	\$52.50	\$1,853,250.00	\$51.58	\$1,820,774.00	\$66.00	\$2,329,800.00
2	16" D.I. Cl. 250, w/Locking Gaskets	LF	465	53.00	24,645.00	60.00	27,900.00	71.29	33,149.85	85.00	39,525.00
3	16" PVC, C905 DR-21 Pipe	LF	33,700	37.00	1,246,800.00	42.50	1,432,250.00	40.41	1,361,817.00	69.00	2,325,300.00
4	3" PVC, SDR-17	LF	9,065	5.00	45,325.00	8.00	72,520.00	10.58	95,907.70	24.00	217,560.00
5	2" PVC, SDR-17	LF	1,700	7.00	11,900.00	7.50	12,750.00	10.02	17,034.00	22.00	37,400.00
6	Bored Encasement for 16" Pipe	LF	320	250.00	80,000.00	250.00	80,000.00	207.83	66,505.60	260.00	83,200.00
7	Open Cut Encasement for 3" Pipe	LF	40	100.00	4,000.00	25.00	1,000.00	68.24	2,729.60	40.00	1,600.00
8	Tie-In with 12" Gate Valve	EA	1	3,400.00	3,400.00	4,500.00	4,500.00	11,812.67	11,812.67	4,500.00	4,500.00
9	Tie-In to Existing 3" Waterline	EA	1	2,000.00	2,000.00	2,000.00	2,000.00	1,200.00	1,200.00	1,000.00	1,000.00
10	16" Gate Valve	EA	17	5,000.00	85,000.00	6,500.00	110,500.00	7,302.56	124,143.52	6,500.00	110,500.00
11	3" Gate Valve	EA	9	700.00	6,300.00	500.00	4,500.00	799.81	7,198.29	550.00	4,950.00
12	2" Gate Valve	EA	1	600.00	600.00	400.00	400.00	693.67	693.67	500.00	500.00
13	16" Creek Crossing	LF	240	80.00	19,200.00	100.00	24,000.00	105.00	25,200.00	150.00	36,000.00
14	3" Creek Crossing	LF	50	40.00	2,000.00	45.00	2,250.00	80.35	4,017.50	100.00	5,000.00
15	Air-Vacuum Valves	EA	11	2,000.00	22,000.00	2,000.00	22,000.00	5,485.64	60,342.04	3,000.00	33,000.00
16	6" Blow-Off Assembly	EA	8	1,800.00	14,400.00	5,000.00	40,000.00	2,915.02	23,320.16	3,000.00	24,000.00
17	3" Blow-Off Assembly	EA	2	1,000.00	2,000.00	1,500.00	3,000.00	1,104.13	2,208.26	1,500.00	3,000.00
18	2" Blow-Off Assembly	EA	1	1,000.00	1,000.00	1,000.00	1,000.00	1,070.58	1,070.58	1,000.00	1,000.00
19	3/4" x 5/8" Meter Setting w/Ind. PRV	EA	7	800.00	5,600.00	1,500.00	10,500.00	830.02	5,810.14	550.00	3,850.00
20	12" Pipe Insulation at Mildred Rd. Bridge	LS	1	3,000.00	3,000.00	10,000.00	10,000.00	8,000.00	8,000.00	12,000.00	12,000.00
21	Pavement Replacement:				0.00		0.00		0.00		0.00
21.1	Crushed Stone	LF	1,200	10.00	12,000.00	5.00	6,000.00	4.25	5,100.00	5.00	6,000.00
21.2	Light Duty Bituminous	LF	16,940	10.00	169,400.00	4.00	67,760.00	5.25	88,935.00	5.30	89,782.00
21.3	Heavy Duty Bituminous	LF	13,750	12.00	165,000.00	5.00	68,750.00	9.25	127,187.50	6.00	82,500.00
21.4	Concrete	LF	100	35.00	3,500.00	20.00	2,000.00	45.00	4,500.00	25.00	2,500.00
TOTAL BASE BID					\$3,676,520.00		\$3,858,830.00		\$3,898,657.08		\$5,454,467.00

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

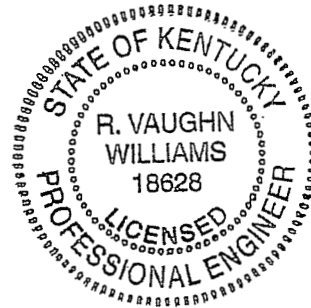
BID TABULATIONS
 PROJECT: CONTRACT 2 - RAW WATER PUMPING FACILITIES
 LOCATION: JACKSON COUNTY WATER ASSOCIATION
 BID DATE: SEPTEMBER 14, 2010 @ 2:00 P.M. (LOCAL TIME)

Base Bid				Kay & Kay Contracting, LLC 1355 Keavy Road London, Kentucky 40744		Kenney, Inc. P.O. Box 1305 Mount Sterling, Kentucky 40353		Howard Engineering & Construction, Inc. 1303 S. Main Street London, Kentucky 40741	
ITEM NO.	ITEM DESCRIPTION	UNIT	QUANTITY	UNIT COST	COST	UNIT COST	COST	UNIT COST	COST
1	Raw Water Intake Structure	LS	1	\$568,000.00	\$568,000.00	\$517,800.00	\$517,800.00	\$425,665.00	\$425,665.00
2	Pump Station No. 1	LS	1	441,000.00	441,000.00	624,300.00	624,300.00	744,745.00	744,745.00
3	Pump Station No. 2	LS	1	340,000.00	340,000.00	491,400.00	491,400.00	478,975.00	478,975.00
TOTAL BASE BID					\$1,349,000.00		\$1,633,500.00		\$1,649,385.00

				Smith Contractors, Inc. P.O. Box 480 Lawrenceburg, Kentucky 40342		Laurel Construction Co., Inc. 5209 Somerset Road London, Kentucky 40741	
ITEM NO.	ITEM DESCRIPTION	UNIT	QUANTITY	UNIT COST	COST	UNIT COST	COST
1	Raw Water Intake Structure	LS	1	\$1,000,000.00	\$1,000,000.00	\$681,000.00	\$681,000.00
2	Pump Station No. 1	LS	1	500,000.00	500,000.00	861,000.00	861,000.00
3	Pump Station No. 2	LS	1	338,000.00	338,000.00	845,000.00	845,000.00
TOTAL BASE BID					\$1,838,000.00		\$2,387,000.00

THE ABOVE IS A TRUE AND COMPLETE TABULATION OF BIDS RECEIVED UNTIL 2:00 P.M. (LOCAL TIME) AT THE JACKSON COUNTY WATER ASSOCIATION OFFICE, TYNER, KY 40486

BY: R. Vaughn Williams by Cf 9-15-10
 R. VAUGHN WILLIAMS, PE DATE





Kenvirons, Inc.

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

September 23, 2010

Mr. Howard Williams
Jackson County Water Association
US 421 South
P.O. Box 232
Tyner, Kentucky 40486

RE: Raw Water Facilities
Contract 1 – Transmission Main
Contract 2 – Intake and Pump Stations

Dear Mr. Williams:

On September 14, 2010 bids for the above referenced contracts were received and read aloud. The low bidders and bid amounts were;

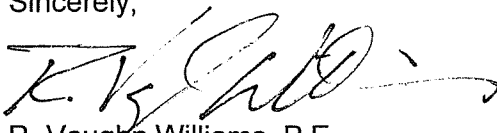
Contract 1 – Transmission Main
Akins Excavating Company, Inc.
182 Busy Lane
Corbin, KY 40701
Total Base Bid – \$3,039,094.00

Contract 2 – Intake and Pump Stations
Kay & Kay Contracting, LLC
1355 Keavy Road
London, Kentucky 40744
Total Base Bid - \$1,349,000.00

Both contractors have constructed projects with Kenvirons in the past and are capable of completing the proposed projects. It is hereby recommended that the Jackson County Water Association accept the bids in the amounts indicated above and award the contracts the low bidders.

Transmitted herewith is the Final Engineering Report. The report contains our recommendations for award, revised project budget, and certified bid tabulations.

Sincerely,


R. Vaughn Williams, P.E.
Vice President

attachments

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

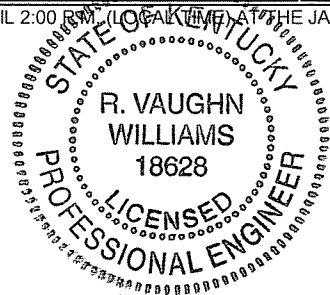
BID TABULATIONS

PROJECT: CONTRACT 1 - RAW WATER TRANSMISSION MAIN
 LOCATION: JACKSON COUNTY WATER ASSOCIATION
 BID DATE: SEPTEMBER 14, 2010 @ 2:00 P.M. (LOCAL TIME)

Base Bid				Akins Excavating Comopany, Inc. 182 Busy Lane Corbin, Kentucky 40701		Clay Pipeline, Inc. 70 Fox Hollow Road Manchester, Kentucky 40962		Cleary Construction, Inc. 2006 Edmonton Road Tompkinsville, Kentucky 42167	
ITEM NO.	ITEM DESCRIPTION	UNIT	QUANTITY	UNIT COST	COST	UNIT COST	COST	UNIT COST	COST
1	16" D.I. Class 250 Pipe	LF	35,300	\$43.00	\$1,517,900.00	\$46.10	\$1,627,330.00	\$45.00	\$1,588,500.00
2	16" D.I. Cl. 250, w/Locking Gaskets	LF	465	71.00	33,015.00	67.00	31,155.00	65.60	30,504.00
3	16" PVC, C905 DR-21 Pipe	LF	33,700	29.00	977,300.00	28.50	960,450.00	35.90	1,209,830.00
4	3" PVC, SDR-17	LF	9,065	10.60	96,089.00	6.00	54,390.00	10.00	90,650.00
5	2" PVC, SDR-17	LF	1,700	10.50	17,850.00	5.50	9,350.00	9.00	15,300.00
6	Bored Encasement for 16: Pipe	LF	320	150.00	48,000.00	150.00	48,000.00	200.00	64,000.00
7	Open Cut Encasement for 3" Pipe	LF	40	30.00	1,200.00	36.00	1,440.00	55.00	2,200.00
8	Tie-In with 12" Gate Valve	EA	1	1,800.00	1,800.00	3,700.00	3,700.00	8,825.00	8,825.00
9	Tie-In to Existing 3" Waterline	EA	1	550.00	550.00	2,050.00	2,050.00	935.00	935.00
10	16" Gate Valve	EA	17	5,300.00	90,100.00	6,548.00	111,316.00	6,450.00	109,650.00
11	3" Gate Valve	EA	9	635.00	5,715.00	900.00	8,100.00	700.00	6,300.00
12	2" Gate Valve	EA	1	545.00	545.00	765.00	765.00	600.00	600.00
13	16" Creek Crossing	LF	240	82.00	19,680.00	149.00	35,760.00	85.00	20,400.00
14	3" Creek Crossing	LF	50	50.00	2,500.00	25.00	1,250.00	63.00	3,150.00
15	Air-Vacuum Valves	EA	11	2,000.00	22,000.00	6,460.00	71,060.00	3,500.00	38,500.00
16	6" Blow-Off Assembly	EA	8	1,925.00	15,400.00	2,475.00	19,800.00	3,070.00	24,560.00
17	3" Blow-Off Assembly	EA	2	875.00	1,750.00	1,525.00	3,050.00	1,260.00	2,520.00
18	2" Blow-Off Assembly	EA	1	725.00	725.00	1,368.00	1,368.00	1,200.00	1,200.00
19	3/4" x 5/8" Meter Setting w/Ind. PRV	EA	7	925.00	6,475.00	1,325.00	9,275.00	760.00	5,320.00
20	12" Pipe Insulation at Mildred Rd. Bridge	LS	1	5,000.00	5,000.00	500.00	500.00	6,000.00	6,000.00
21	Pavement Replacement:				0.00		0.00		0.00
	21.1 Crushed Stone	LF	1,200	4.00	4,800.00	3.00	3,600.00	15.00	18,000.00
	21.2 Light Duty Bituminous	LF	16,940	5.00	84,700.00	5.00	84,700.00	1.00	16,940.00
	21.3 Heavy Duty Bituminous	LF	13,750	6.00	82,500.00	5.00	68,750.00	1.00	13,750.00
	21.4 Concrete	LF	100	35.00	3,500.00	50.00	5,000.00	60.00	6,000.00
TOTAL BASE BID					\$3,039,094.00		\$3,162,159.00		\$3,283,634.00

THE ABOVE IS A TRUE AND COMPLETE TABULATION OF BIDS RECEIVED UNTIL 2:00 P.M. (LOCAL TIME) AT THE JACKSON COUNTY WATER ASSOCIATION OFFICE, TYNER, KY 40486

BY: R. Vaughn Williams by CJ 9-15-10
 R. VAUGHN WILLIAMS, PE DATE



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

BID TABULATIONS

PROJECT: CONTRACT 1 - RAW WATER TRANSMISSION MAIN
 LOCATION: JACKSON COUNTY WATER ASSOCIATION
 BID DATE: SEPTEMBER 14, 2010 @ 2:00 P.M. (LOCAL TIME)

Base Bid				Laurel Construction Co., Inc. 5209 Somerset Road London, Kentucky 40741		Grant's Excavating P.O. Box 298 Richmond, Kentucky 40476		Irvine Contracting, LLC 1134 Tom Cat Trail London, Kentucky 40741	
ITEM NO.	ITEM DESCRIPTION	UNIT	QUANTITY	UNIT COST	COST	UNIT COST	COST	UNIT COST	COST
1	16" D.I. Class 250 Pipe	LF	35,300	\$50.00	\$1,765,000.00	\$42.41	\$1,497,073.00	\$50.00	\$1,765,000.00
2	16" D.I. Cl. 250, w/Locking Gaskets	LF	465	65.00	30,225.00	62.50	29,062.50	74.50	34,642.50
3	16" PVC, C905 DR-21 Pipe	LF	33,700	40.00	1,348,000.00	32.00	1,078,400.00	37.89	1,276,893.00
4	3" PVC, SDR-17	LF	9,065	5.50	49,857.50	11.00	99,715.00	5.50	49,857.50
5	2" PVC, SDR-17	LF	1,700	4.50	7,650.00	10.00	17,000.00	6.00	10,200.00
6	Bored Encasement for 16: Pipe	LF	320	250.00	80,000.00	280.00	89,600.00	195.00	62,400.00
7	Open Cut Encasement for 3" Pipe	LF	40	30.00	1,200.00	35.00	1,400.00	25.00	1,000.00
8	Tie-In with 12" Gate Valve	EA	1	4,000.00	4,000.00	3,000.00	3,000.00	3,500.00	3,500.00
9	Tie-in to Existing 3" Waterline	EA	1	2,000.00	2,000.00	500.00	500.00	500.00	500.00
10	16" Gate Valve	EA	17	4,500.00	76,500.00	6,000.00	102,000.00	6,562.96	111,570.32
11	3" Gate Valve	EA	9	450.00	4,050.00	600.00	5,400.00	625.00	5,625.00
12	2" Gate Valve	EA	1	350.00	350.00	425.00	425.00	600.00	600.00
13	16" Creek Crossing	LF	240	110.00	26,400.00	150.00	36,000.00	85.00	20,400.00
14	3" Creek Crossing	LF	50	30.00	1,500.00	70.00	3,500.00	35.00	1,750.00
15	Air-Vacuum Valves	EA	11	2,000.00	22,000.00	4,500.00	49,500.00	4,500.00	49,500.00
16	6" Blow-Off Assembly	EA	8	2,500.00	20,000.00	2,500.00	20,000.00	3,500.00	28,000.00
17	3" Blow-Off Assembly	EA	2	1,500.00	3,000.00	850.00	1,700.00	1,100.00	2,200.00
18	2" Blow-Off Assembly	EA	1	1,400.00	1,400.00	650.00	650.00	850.00	850.00
19	3/4" x 5/8" Meter Setting w/Ind. PRV	EA	7	900.00	6,300.00	600.00	4,200.00	700.00	4,900.00
20	12" Pipe Insulation at Mildred Rd. Bridge	LS	1	18,000.00	18,000.00	10,000.00	10,000.00	5,000.00	5,000.00
21	Pavement Replacement:				0.00		0.00		0.00
21.1	Crushed Stone	LF	1,200	2.75	3,300.00	9.37	11,244.00	5.00	6,000.00
21.2	Light Duty Bituminous	LF	16,940	2.80	47,432.00	14.90	252,406.00	6.50	110,110.00
21.3	Heavy Duty Bituminous	LF	13,750	3.00	41,250.00	20.67	284,212.50	6.50	89,375.00
21.4	Concrete	LF	100	25.00	2,500.00	160.00	16,000.00	25.00	2,500.00
TOTAL BASE BID					\$3,561,914.50		\$3,612,988.00		\$3,642,373.32

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

BID TABULATIONS
 PROJECT: CONTRACT 1 - RAW WATER TRANSMISSION MAIN
 LOCATION: JACKSON COUNTY WATER ASSOCIATION
 BID DATE: SEPTEMBER 14, 2010 @ 2:00 P.M. (LOCAL TIME)

Base Bid				US Rentals & Construction, Inc. P.O. Box 3194 Pikeville, Kentucky 41502		B.P. Pipeline 269 Pebble Lane Quincy, KY 41166		G & W Construction Co., Inc. 6730 Flemingburg Road Morehead, Kentucky 40351		Smith Contractors, Inc. P.O. Box 480 Lawrenceburg, Kentucky 40342	
ITEM NO.	ITEM DESCRIPTION	UNIT	QUANTITY	UNIT COST	COST	UNIT COST	COST	UNIT COST	COST	UNIT COST	COST
1	16" D.I. Class 250 Pipe	LF	35,300	\$49.50	\$1,747,350.00	\$52.50	\$1,853,250.00	\$51.58	\$1,820,774.00	\$66.00	\$2,329,800.00
2	16" D.I. Cl. 250, w/Locking Gaskets	LF	465	53.00	24,645.00	60.00	27,900.00	71.29	33,149.85	85.00	39,525.00
3	16" PVC, C905 DR-21 Pipe	LF	33,700	37.00	1,246,900.00	42.50	1,432,250.00	40.41	1,361,817.00	69.00	2,325,300.00
4	3" PVC, SDR-17	LF	9,065	5.00	45,325.00	8.00	72,520.00	10.58	95,907.70	24.00	217,560.00
5	2" PVC, SDR-17	LF	1,700	7.00	11,900.00	7.50	12,750.00	10.02	17,034.00	22.00	37,400.00
6	Bored Encasement for 16: Pipe	LF	320	250.00	80,000.00	250.00	80,000.00	207.83	66,505.60	260.00	83,200.00
7	Open Cut Encasement for 3" Pipe	LF	40	100.00	4,000.00	25.00	1,000.00	68.24	2,729.60	40.00	1,600.00
8	Tie-In with 12" Gate Valve	EA	1	3,400.00	3,400.00	4,500.00	4,500.00	11,812.67	11,812.67	4,500.00	4,500.00
9	Tie-In to Existing 3" Waterline	EA	1	2,000.00	2,000.00	2,000.00	2,000.00	1,200.00	1,200.00	1,000.00	1,000.00
10	16" Gate Valve	EA	17	5,000.00	85,000.00	6,500.00	110,500.00	7,302.56	124,143.52	6,500.00	110,500.00
11	3" Gate Valve	EA	9	700.00	6,300.00	500.00	4,500.00	799.81	7,198.29	550.00	4,950.00
12	2" Gate Valve	EA	1	600.00	600.00	400.00	400.00	693.67	693.67	500.00	500.00
13	16" Creek Crossing	LF	240	80.00	19,200.00	100.00	24,000.00	105.00	25,200.00	150.00	36,000.00
14	3" Creek Crossing	LF	50	40.00	2,000.00	45.00	2,250.00	80.35	4,017.50	100.00	5,000.00
15	Air-Vacuum Valves	EA	11	2,000.00	22,000.00	2,000.00	22,000.00	5,485.64	60,342.04	3,000.00	33,000.00
16	6" Blow-Off Assembly	EA	8	1,800.00	14,400.00	5,000.00	40,000.00	2,915.02	23,320.16	3,000.00	24,000.00
17	3" Blow-Off Assembly	EA	2	1,000.00	2,000.00	1,500.00	3,000.00	1,104.13	2,208.26	1,500.00	3,000.00
18	2" Blow-Off Assembly	EA	1	1,000.00	1,000.00	1,000.00	1,000.00	1,070.58	1,070.58	1,000.00	1,000.00
19	3/4" x 5/8" Meter Setting w/Ind. PRV	EA	7	800.00	5,600.00	1,500.00	10,500.00	830.02	5,810.14	550.00	3,850.00
20	12" Pipe Insulation at Mildred Rd. Bridge	LS	1	3,000.00	3,000.00	10,000.00	10,000.00	8,000.00	8,000.00	12,000.00	12,000.00
21	Pavement Replacement:				0.00		0.00		0.00		0.00
21.1	Crushed Stone	LF	1,200	10.00	12,000.00	5.00	6,000.00	4.25	5,100.00	5.00	6,000.00
21.2	Light Duty Bituminous	LF	16,940	10.00	169,400.00	4.00	67,760.00	5.25	88,935.00	5.30	89,782.00
21.3	Heavy Duty Bituminous	LF	13,750	12.00	165,000.00	5.00	68,750.00	9.25	127,187.50	6.00	82,500.00
21.4	Concrete	LF	100	35.00	3,500.00	20.00	2,000.00	45.00	4,500.00	25.00	2,500.00
TOTAL BASE BID					\$3,676,520.00		\$3,858,830.00		\$3,898,657.08		\$5,454,467.00

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

BID TABULATIONS
 PROJECT: CONTRACT 2 - RAW WATER PUMPING FACILITIES
 LOCATION: JACKSON COUNTY WATER ASSOCIATION
 BID DATE: SEPTEMBER 14, 2010 @ 2:00 P.M. (LOCAL TIME)

Base Bid				Kay & Kay Contracting, LLC 1355 Keavy Road London, Kentucky 40744		Kenney, Inc. P.O. Box 1305 Mount Sterling, Kentucky 40353		Howard Engineering & Construction, Inc. 1303 S. Main Street London, Kentucky 40741	
ITEM NO.	ITEM DESCRIPTION	UNIT	QUANTITY	UNIT COST	COST	UNIT COST	COST	UNIT COST	COST
1	Raw Water Intake Structure	LS	1	\$568,000.00	\$568,000.00	\$517,800.00	\$517,800.00	\$425,665.00	\$425,665.00
2	Pump Station No. 1	LS	1	441,000.00	441,000.00	624,300.00	624,300.00	744,745.00	744,745.00
3	Pump Station No. 2	LS	1	340,000.00	340,000.00	491,400.00	491,400.00	478,975.00	478,975.00
TOTAL BASE BID					\$1,349,000.00		\$1,633,500.00		\$1,649,385.00

				Smith Contractors, Inc. P.O. Box 480 Lawrenceburg, Kentucky 40342		Laurel Construction Co., Inc. 5209 Somerset Road London, Kentucky 40741	
ITEM NO.	ITEM DESCRIPTION	UNIT	QUANTITY	UNIT COST	COST	UNIT COST	COST
1	Raw Water Intake Structure	LS	1	\$1,000,000.00	\$1,000,000.00	\$681,000.00	\$681,000.00
2	Pump Station No. 1	LS	1	500,000.00	500,000.00	861,000.00	861,000.00
3	Pump Station No. 2	LS	1	338,000.00	338,000.00	845,000.00	845,000.00
TOTAL BASE BID					\$1,838,000.00		\$2,387,000.00

THE ABOVE IS A TRUE AND COMPLETE TABULATION OF BIDS RECEIVED UNTIL 2:00 P.M. (LOCAL TIME) AT THE JACKSON COUNTY WATER ASSOCIATION OFFICE, TYNER, KY 40486

BY: R. Vaughn Williams by Cf 9-15-10
 R. VAUGHN WILLIAMS, PE DATE

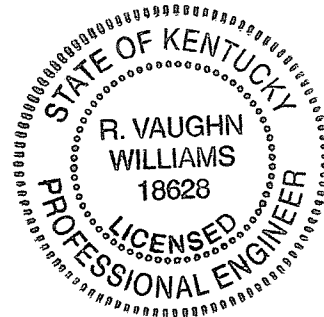


EXHIBIT 4

CERTIFICATE OF PRESIDENT OF JACKSON COUNTY WATER ASSOCIATION, INC.

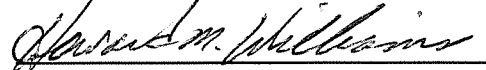
AS REQUIRED BY SECTION 1(5) OF 807 KAR 5:069

I, Howard Williams certify that I am the President of the Jackson County Water Association, Inc., and that the Association is in the process of arranging to finance the construction of extensions, additions and improvements to the existing waterworks system of the Association (the "Project"), in cooperation with the Engineers for the Association, Kenvirons, Inc.

Based on information furnished to me by said Engineers for the Association, I certify as follows:

1. That the proposed plans and specifications for the Project have been designed to meet the minimum construction and operating requirements set out in 807 KAR 5:066, Section 4(3) and (4); Section 5(1); Sections 6 and 7; Section 8(1) through (3); Section 9(1) and Section 10.
2. That all other state approvals and/or permits have already been obtained.
3. That the rates of the Association shall produce the total revenue requirements set out in the engineering reports.
4. That it is now contemplated that construction of the Project will begin on or about November 15, 2010 and will end on or about August 1, 2011.

IN TESTIMONY WHEREOF, witness my signature this 13th day of October, 2010.

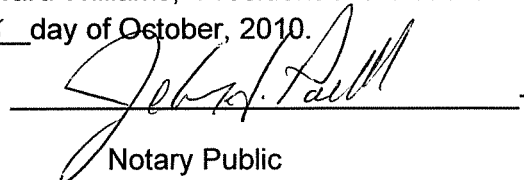


President

STATE OF KENTUCKY)

COUNTY OF JACKSON)

Subscribed and sworn to before me by, Howard Williams, President of the Jackson County Water Association, Inc., on this 13th day of October, 2010.


Notary Public

My Commission expires: 1-10-2011

EXHIBIT 5

NOTICE OF PROPOSED RATE CHANGE

In accordance with the requirements of the Public Service Commission of the Commonwealth of Kentucky as set out in 807 KAR 5:069, Section 2, notice is given to the customers of the Jackson County Water Association of a change to the Association's rate schedule as shown below. The proposed rate change is required by USDA, Rural Development (RD) in connection with a loan by RD to the Association in the amount of \$3,598,000 to be evidenced by the issuance by the Association of its Promissory Note in such amount, which RD has agreed to purchase provided the Association meets certain conditions of RD, including revising the water rates as set forth below. The RD loan will be used to fund a supplemental raw water intake on the Rockcastle River and two booster pump stations and transmission mains and facilities.

Current Monthly Rates

5/8x3/4 meter

First 2,000 gallons	\$15.00 minimum bill
Next 18,000 gallons	\$6.58 per 1,000 gallons
Next 30,000 gallons	\$5.45 per 1,000 gallons
Over 50,000 gallons	\$4.26 per 1,000 gallons

1" Meter

First 5,000 gallons	\$34.85 minimum bill
Next 15,000 gallons	\$6.58 per 1,000 gallons
Next 30,000 gallons	\$5.45 per 1,000 gallons
Over 50,000 gallons	\$4.26 per 1,000 gallons

1 ½ " Meter

First 10,000 gallons	\$67.75 minimum bill
Next 10,000 gallons	\$6.58 per 1,000 gallons
Next 30,000 gallons	\$5.45 per 1,000 gallons
Over 50,000 gallons	\$4.26 per 1,000 gallons

2" Meter

First 20,000 gallons	\$133.55 minimum bill
Next 30,000 gallons	\$5.45 per 1,000 gallons
Over 50,000 gallons	\$4.26 per 1,000 gallons

3" Meter

First 30,000 gallons	\$188.05 minimum bill
Next 20,000 gallons	\$5.45 per 1,000 gallons
Over 50,000 gallons	\$4.26 per 1,000 gallons

4" Meter

First 40,000 gallons	\$242.55 minimum bill
Next 10,000 gallons	\$5.45 per 1,000 gallons
Over 50,000 gallons	\$4.26 per 1,000 gallons

Eastern Rockcastle Water Association	\$2.66 per 1,000 gallons
Beattyville	\$2.55 per 1,000 gallons
McKee	\$2.39 per 1,000 gallons
Estill Co. WD No. 1	\$2.55 per 1,000 gallons
Bulk Loading Station	\$2.55 per 1,000 gallons

PROPOSED MONTHLY RATES

5/8x3/4 meter

First 2,000 gallons	\$20.58 minimum bill
Next 18,000 gallons	\$9.03 per 1,000 gallons
Next 30,000 gallons	\$7.48 per 1,000 gallons
Over 50,000 gallons	\$5.85 per 1,000 gallons

1" Meter

First 5,000 gallons	\$47.67 minimum bill
Next 15,000 gallons	\$9.03 per 1,000 gallons
Next 30,000 gallons	\$7.48 per 1,000 gallons
Over 50,000 gallons	\$5.85 per 1,000 gallons

1 ½ " Meter

First 10,000 gallons	\$92.82 minimum bill
Next 10,000 gallons	\$9.03 per 1,000 gallons
Next 30,000 gallons	\$7.48 per 1,000 gallons
Over 50,000 gallons	\$5.85 per 1,000 gallons

2" Meter

First 20,000 gallons	\$183.12 minimum bill
Next 30,000 gallons	\$7.48 per 1,000 gallons
Over 50,000 gallons	\$5.85 per 1,000 gallons

3" Meter

First 30,000 gallons	\$257.92 minimum bill
Next 20,000 gallons	\$7.48 per 1,000 gallons
Over 50,000 gallons	\$5.85 per 1,000 gallons

4" Meter

First 40,000 gallons	\$332.92 minimum bill
Next 10,000 gallons	\$7.48 per 1,000 gallons
Over 50,000 gallons	\$5.85 per 1,000 gallons

Eastern Rockcastle Water Association	\$3.65 per 1,000 gallons
Beattyville	\$3.50 per 1,000 gallons
McKee	\$3.28 per 1,000 gallons
Estill Co. WD No. 1	\$3.50 per 1,000 gallons
Bulk Loading Station	\$3.09 per 1,000 gallons