



OFFICE OF THE BREATHITT COUNTY ATTORNEY

BRENDON D. MILLER

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November 16, 2012

Mr. Jeff Derouen
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602

RECEIVED

NOV 20 2012

PUBLIC SERVICE
COMMISSION

RE: Breathitt County Water District
Case No. 2012-_____

Dear Mr. Derouen:

Enclosed please find the original and ten (10) copies of the Application of the Breathitt County Water District for a Certificate of Public Convenience and Necessity to construct and finance pursuant to KRS 278.020.

Also enclosed are eleven (11) copies of the exhibits required pursuant to 807 KAR 5.069.

If you need any additional information or documentation, please let me know.

Sincerely,

A handwritten signature in black ink, appearing to read "Brendon D. Miller", written over the typed name.

Brendon D. Miller

Enclosures
CC: Distribution List

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION
CASE NO. 2012-_____**

RECEIVED

NOV 20 2012

PUBLIC SERVICE
COMMISSION

In the Matter of:

**THE APPLICATION of the BREATHITT COUNTY WATER DISTRICT
of BREATHITT COUNTY, KENTUCKY, for a CERTIFICATE of PUBLIC
CONVENIENCE and NECESSITY to CONSTRUCT and FINANCE,
PURSUANT TO KRS 278.020.**

APPLICATION

This Application of the Breathitt County Water District (“Applicant”) of Breathitt County, Kentucky, respectfully shows:

1. That the Applicant is a water district of Breathitt County, Kentucky, created and existing under and by virtue of Chapter 74 of the Kentucky Revised Statutes.
2. That the post office address of the Applicant is:
Breathitt County Water District
1137 Main Street
Jackson, Kentucky 41339
3. That Applicant pursuant to the provisions of KRS 278.020, seeks (i) a Certificate of Public Convenience and Necessity, permitting Applicant to construct a waterworks construction project, consisting of extensions, additions, and improvements (the “Project”) to the existing waterworks system of Applicant; and (ii) approval of the proposed plan of financing said project.
4. That the “KY. 3237 Canoe Road Waterline Extension Phase II Project” consists of the construction and installation of approximately 2,700 linear feet of 8-inch waterline, 37,700 linear feet of 6-inch waterline, 35,080 linear feet of 4-inch waterline, and 1,500 linear feet of 2-inch waterlines.
5. That Applicant proposes to finance the construction of the “KY. 3237 Canoe Road Waterline Extension Phase II Project” through a combination of Grant and Loan funds. The Grant portion of the funding is through a grant from the United States Environmental Protection Agency in the amount of \$485,000.00. The balance of the funding is through a Kentucky Infrastructure Authority loan in the amount of \$1,054,350.00 (which is 40% forgiveness). This amount is for this project only. The KIA loan (in

the entirety of \$2,500,000.00 including funds for other projects) has been previously approved by this Agency in case no. 2011-00399.

6. That Applicant does not contemplate having the project constructed with any deviation from minimum construction standards of this Public Service Commission.
7. That Applicant files herewith the following Exhibits pursuant to 807 KAR 5:069 in support of this Application.
 - A. Copies of the funding Agreements are attached: Revised Kentucky Infrastructure Authority - State Revolving Fund Loan; and EPA Grant are included in Attachments 5 of the FER.
 - B. Copy of the Engineer's Concurrence of Bid Award is included as Attachment 3 of the FER.
 - C. Copy of the Preliminary Engineering Report, amended to the FER, based on bids received on September 20, 2012.
 - D. Certified statement from the Chairperson of the Applicant, based upon statements of the Engineers for Applicant, concerning the following:
 1. The proposed plans and specifications for the Project have been designated to meet the minimum construction and operating requirements set out in 807 KAR 5:066, Section 4 (3) and (4); Section 5 (1); Sections 6 and 7; Section 8 (1) through (3); Section 9(1) and Section 10.
 2. All other state approvals have already been obtained, including a drinking water construction permit from the Kentucky Division of Water, included as Attachment 6 of the FER.
 3. The Existing rates of Applicant shall produce the total revenue requirements set out in the engineering reports, therefore no rate increase is necessary, and
 4. Setting out the date of December 15, 2012, when it is anticipated that construction will begin and June, 2013, when it is anticipated to end.
8. The foregoing constitutes the documents necessary to obtain the approval of the Kentucky Public Service Commission in accordance with Section 278.020 of the KRS and in accordance with the "Filing Requirements" specified in 807 KAR 5:609, Section 1.

WHEREFORE, Applicant the Breathitt County Water District asks that the Public Service Commission of the Commonwealth of Kentucky grant to Applicant the following:

- a. A Certificate of Public Convenience and Necessity permitting Applicant to construct a waterworks project consisting of extensions, additions, and improvements of the existing waterworks system of Applicant.
- b. An order approving the financing arrangements made by Applicant, viz. through agreements made with the United States Environmental Protection Agency Region 4 Water Protection Division as Administrator of the EPA Grant, and the Kentucky Infrastructure Authority, Administrator of the State Revolving Fund.

BREATHITT COUNTY WATER DISTRICT

By: _____

BOBBY THORPE, JR. Chairperson

HON. BRENDON D. MILLER

Breathitt County Attorney

Counsel for Applicant

1149 Main Street

Jackson, Kentucky 41339

(606) 666-4400

VERIFICATION

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

IN TESTIMONY WHEREOF, witness the signature of the undersigned on this the 16th day of November, 2012.

BREATHITT COUNTY WATER DISTRICT

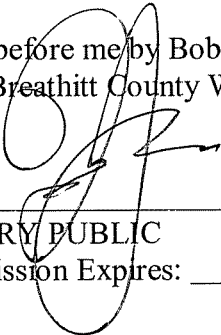
By: _____

BOBBY THORPE, JR., Chairperson

COMMONWEALTH OF KENTUCKY

COUNTY OF BREATHITT

The foregoing was subscribed and sworn to before me by Bobby Thorpe, Jr.,
Chairperson of the Board of Commissioners of the Breathitt County Water District, on
this the 16th day of November, 2012.



NOTARY PUBLIC
Commission Expires: 9-2-2016

CERTIFICATE of CHAIRPERSON of BREATHITT COUNTY
WATER DISTRICT, as to STATEMENT REQUIRED by
SECTION 1 (5) OF 807 KAR 5:06


I, BOBBY THROPE, JR., hereby certify that I am the duly qualified and acting Chairperson of the Breathitt County Water District, and that said District is in the process of arranging to finance the construction of extensions, additions and improvements to the existing waterworks system of the District (the "Project"), in cooperation with Nesbitt Engineering, Inc., Lexington, Kentucky, the Engineers for the District (the "Engineers").

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

1. The proposed plans and specifications for the Project have been designated to meet the minimum construction and operating requirements set out in 807 KAR 5:066, Section 4 (3) and (4); Section 5 (1); Sections 6 and 7; Section 8 (1) through (3); Section 9 (1) and Section 10.
2. All other state approvals have already been obtained, including the approval of the Kentucky Division of Water.
3. The Existing rates of the District filed with the Public Service Commission of Kentucky are contemplated to produce total revenue requirements set out in the Engineering Reports, prepared by the Engineers and filed with the Public Service Commission.
4. That it is now contemplated that construction of the "KY. 3237 Canoe Road Waterline Extension Phase II" Project will begin on or about December 15, 2012, and will end on or about June, 2013.

IN TESTIMONY WHEREOF, witness my signature this 16th day of November, 2012.

BREATHITT COUNTY WATER DISTRICT

By: 
BOBBY THORPE, JR., Chairperson

STATE OF KENTUCKY

COUNTY OF BREATHITT

Subscribed and sworn to before me by Bobby Thorpe, Jr., Chairperson of the Board of Commissioners of the Breathitt County Water District, on this the 16th day of November, 2012.


NOTARY PUBLIC
Commission Expires: 9-7-2016

DISTRIBUTION LIST

Case No. 2012-_____

Re: Breathitt County Water District Application

District Officials

Mr. Bobby Thorpe, Jr., Chairperson
Mr. Estill McIntosh, Manager
Breathitt County Water District
1137 Main Street
Jackson, Kentucky 41339

Telephone: (606) 666-3800
Fax: (606) 666-2860

Engineer

Mr. Paul Nesbitt
Nesbitt Engineering, Inc.
227 North Upper Street
Lexington, Kentucky 40507

Telephone: (859) 233-3111
Fax: (859) 259-2717

Local Counsel

Hon. Brendon D. Miller
Breathitt County Attorney
1149 Main Street
Jackson, KY 41339

Telephone: (606) 666-4400
Fax: (606) 666-4422

KIA Loan Administrator

Ms. Jennifer McIntosh
KRADD
917 Perry Park Road
Hazard, Kentucky 41701

Telephone: (606) 436-3158
Fax: (606) 436-2144



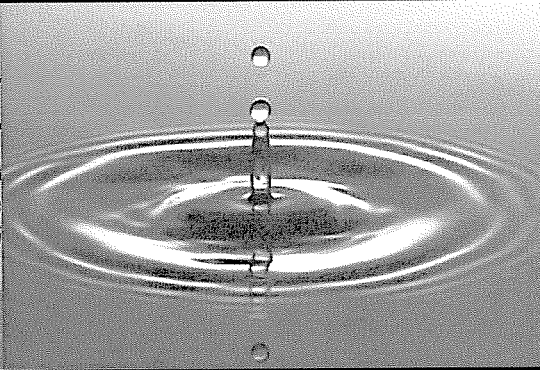
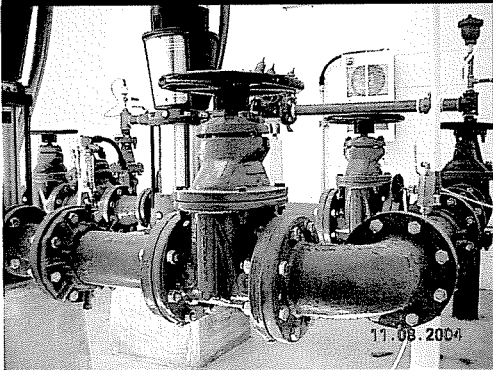
nesbitt engineering, inc.

ORIGINAL

October 2012

Breathitt County Water District Canoe Road Waterline Extension Phase II

Preliminary Engineering Report Amended to Final



**SUBMITTED TO:
Breathitt County Water District**

**PREPARED BY:
Nesbitt Engineering, Inc.
Lexington, KY**

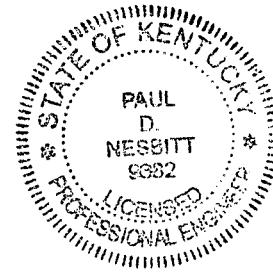
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Proven
Solutions Since 1976*



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227 North Upper Street
Lexington, KY 40507-1016

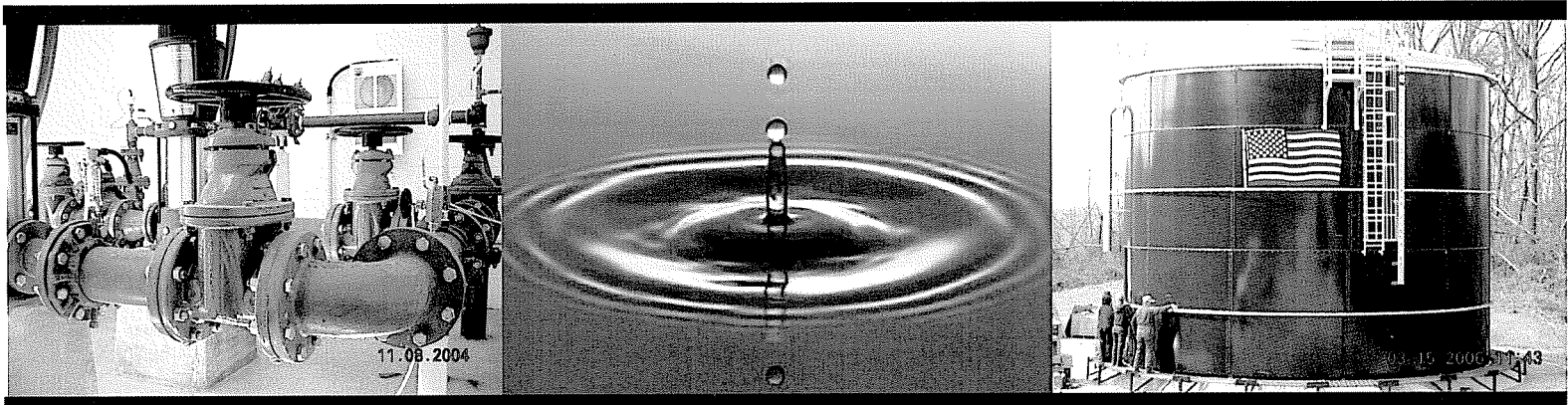
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11/09/12



October 2012

Breathitt County Water District Canoe Road Waterline Extension Phase II

Preliminary Engineering Report Amended to Final



Breathitt County Judge/Executive — Jason Richardson

Breathitt County Water District Commissioners

Bobby Thorpe, Chairman

Sammie Turner, Vice Chairman

Kash Noble, Treasurer

Eva Fugate, Secretary

Eugene Turner, Member

SUBMITTED TO:
Breathitt County Water District

PREPARED BY:
Nesbitt Engineering, Inc.
Lexington, KY

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Solutions Since 1976

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KENTUCKY



NESBITT ENGINEERING, INC.
ENGINEERS • SURVEYORS • SCIENTISTS

LOCATION MAP

BREATHITT COUNTY WATER DISTRICT

FIGURE 1

DRAWN BY: kr	DISK/FILE NAME: \\PER FIGURE 1.DWG	JOB NO.: 998
DATE: 03/09/09	LAST PLOT DATE:	SCALE: NOT TO SCALE

Chapter 1 - General

Breathitt County Water District (BCWD) is a Class "C" Water District organized in August 2003 by the Breathitt County Judge Executive. The County Judge Executive then appointed five commissioners to serve on the Water District's Board. These five commissioners then selected a Chairman from the appointed board.

Jackson, the county seat, operates an independent water system (Jackson Municipal Water Works), drawing water from the North Fork of the Kentucky River. The system currently serves approximately 2,000 households within the Jackson service area. The water treatment plant (WTP), capable of producing 2.5 MGD, is expected to supply the potable water product to the various county water line extensions. Daily production by Jackson Municipal Water Works is currently 800,000 gallons (33% of plant capacity) and their storage capacity is presently 925,000 gallons. This proposed project is a continuation of BCWD's efforts to deliver potable drinking water to all residents of Breathitt County outside Jackson's service area. Jackson's WTP is expected to have more than adequate capacity to supply the needed potable water for this proposed project.

Breathitt County, which encompasses the City of Jackson, is located in the eastern coalfields of Kentucky, approximately 85 miles south and east of Lexington on KY 15, and approximately 34 miles north of Hazard. Jackson, the county seat, is a fourth class city located near the center of Breathitt County. The County borders Wolfe, Lee, Owsley, Perry, Knott, and Magoffin Counties. (See Figure 1)

The 2010 US Census figure for Breathitt County is 13,878 persons. There are 5,494 occupied housing units in Breathitt County and therefore 2.47 persons per household. Currently (**October 2012**), the BCWD serves approximately **1,285** of these households.

Chapter 2 - Project Planning Area

The project area for the proposed waterline extension project includes KY 315 from it's intersection with KY 30 then proceeding to it's intersection with KY 1933. Also included is KY 3237 and it's remaining side roads.

Location – The location of the proposed project is as indicated on the sections of U.S.G.S. Topographical map included as **Attachment 1**.

Environmental Resources Present – This project is located within the boundaries of Breathitt County.

Growth Areas & Population Trends – According to figures obtained from the Kentucky State Data Center in Louisville, Breathitt County is projected to decrease in population. Thus, the intentions of this project do not take growth into consideration for the design.

Existing Facilities

Location Map – Location of the existing water distribution facilities as identified on **Attachment 2**.

History – The City of Jackson owns and operates the only water treatment plant in Breathitt County. Breathitt County Water District has multiple purchase points with master meters located at each purchase point throughout the BCWD's distribution system. All of BCWD distribution system has been constructed in the last 10 years.

Condition of Facilities – The district's existing water distribution system is in excellent condition with all of the system being less than 10 years old. Tanks have been constructed throughout the distribution system to provide adequate pressures and storage within the service area.

Financial Status of any Existing Facilities – The district operates all water infrastructure facilities in a financially solvent manner. Audits are performed on an annual basis and rates are reviewed as necessary by an outside consultant to insure adequate financial resources to operate and maintain the system.

Need for Project

Health, Sanitation & Security – This project intends to extend potable water to existing residents that currently have no access to public potable water. Most of the residents within the project area have well water for domestic use. Well water, in the project area, is extremely hard and contains noticeable amounts of iron. Salty water may be found from 50 feet to several hundred feet below the level of the principal valley bottoms. Where springs supply drinking water, the yield is rarely more than 5 GPM. A more reliable and healthy source for water is needed for the residents.

System O & M – Operation and maintenance of the new water system improvements will be provided by the existing, certified and licensed staff of the Breathitt County Water District.

Growth – Growth is not considered a significant factor in the need for the proposed project.

Chapter 3 - Proposed Project-Project Cost-Rates

Proposed Project – The proposed Canoe Road Waterline Extension Phase II project consists of upgrades to the district's existing KY 30 West pump station, distribution waterlines and appurtenances.

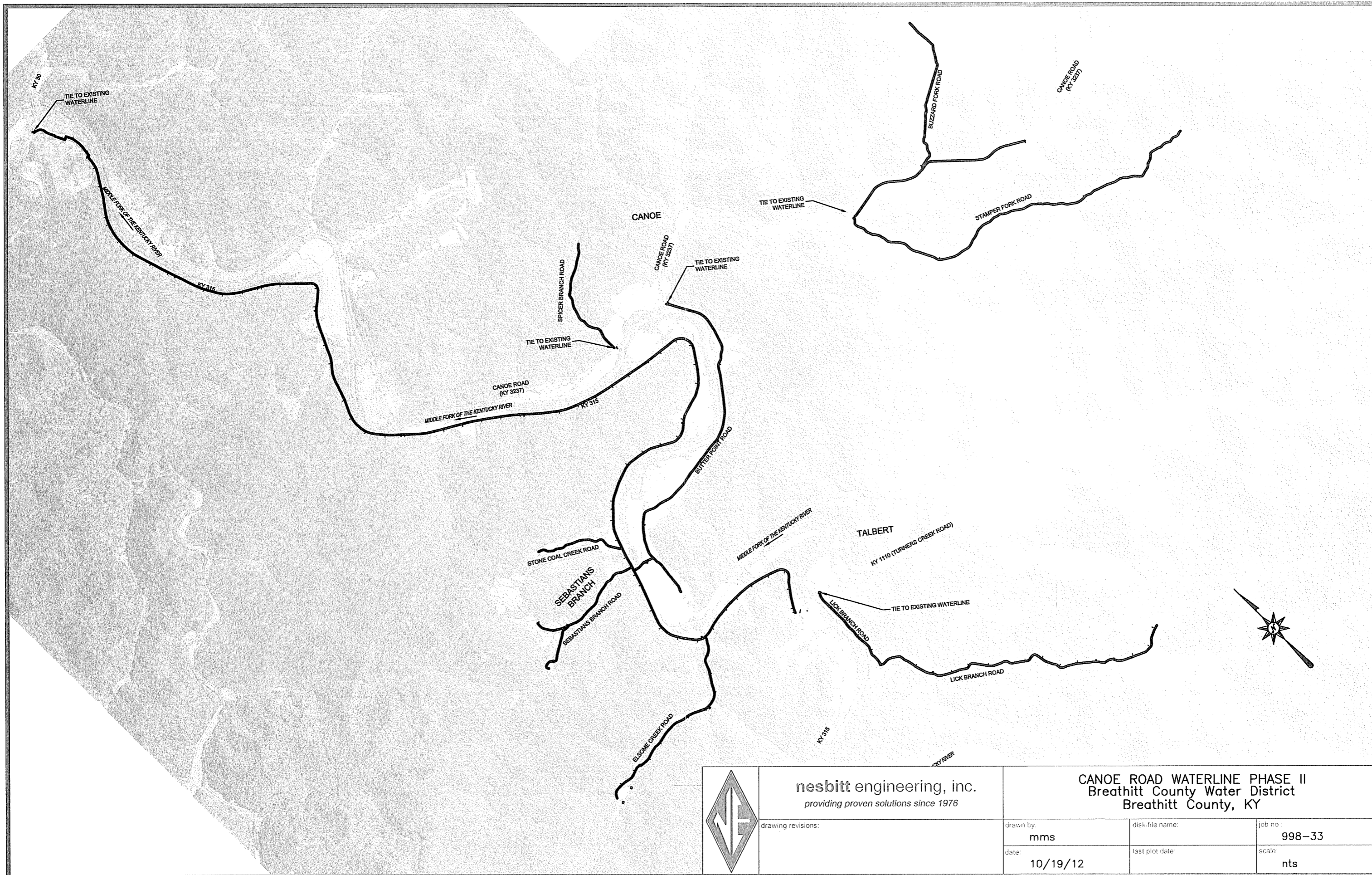
Project Cost – On September 20, 2012 the district received sealed bids for the project. **Attachment 3** displays the certified bid tabulation for this contract. **Attachment 4** details the project budget based upon the low bid that was received. As shown in attachment 4 the project budget exceeds the current available funding therefore a reducing Change Order (**Attachment 4b**) will be executed to bring the costs within the project funds.

Rates – Rates have not been adjusted as a result of this project.

Chapter 4 - Conclusions & Recommendations

It is recommended that the Breathitt County Water District award the Canoe Road Waterline Extension Project Phase II, to the certified low bidder along with the reducing Change Order #1 to insure the project has adequate funds.

Attachment 1
Project Map



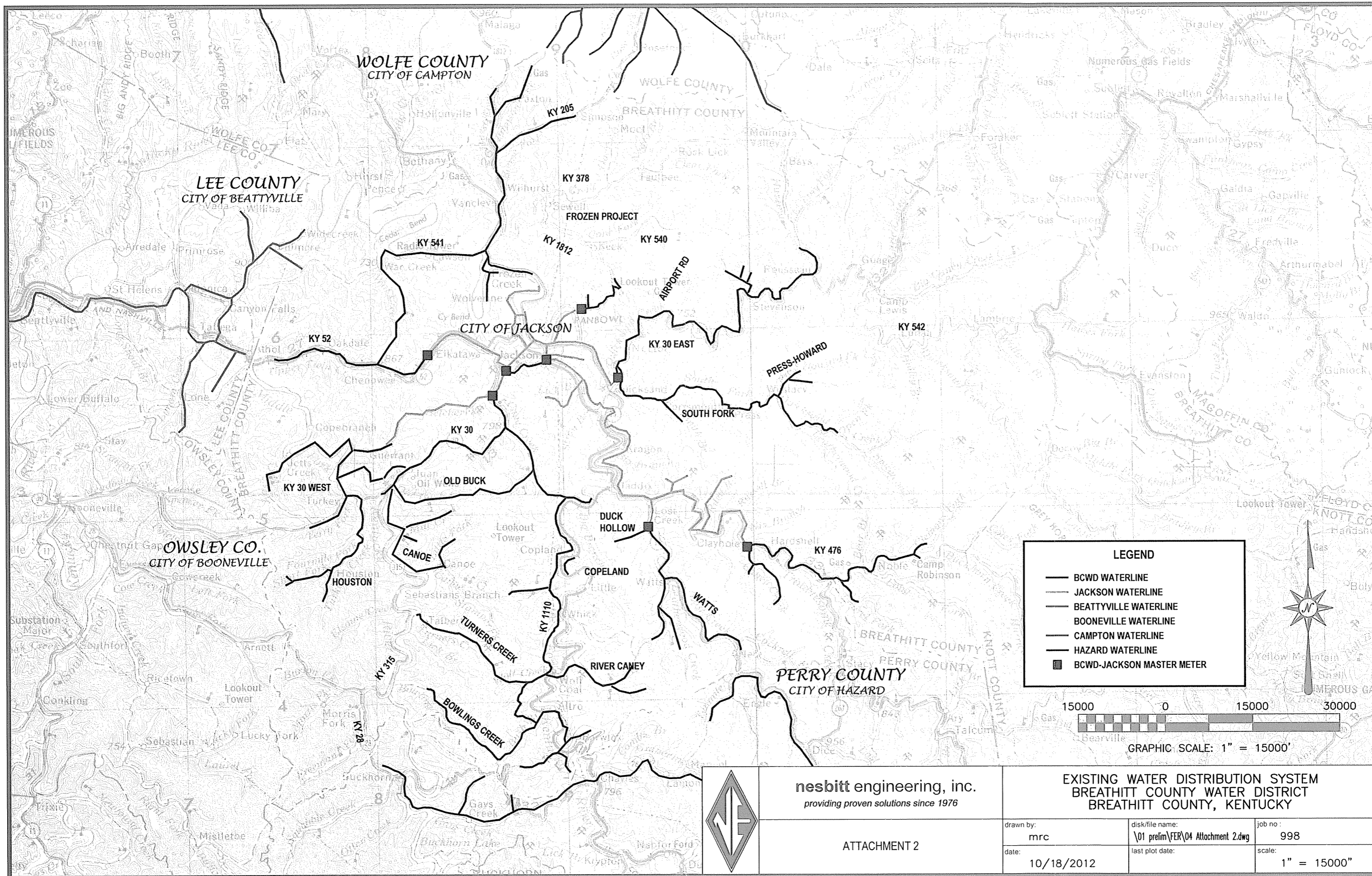
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CANOE ROAD WATERLINE PHASE II
 Breathitt County Water District
 Breathitt County, KY

drawing revisions:	drawn by:	disk file name:	job no:
	mms		998-33
	date:	last plot date:	scale:
	10/19/12		nts

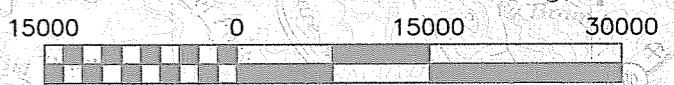
Attachment 2

Existing BCWD Water Distribution System



LEGEND

- BCWD WATERLINE
- JACKSON WATERLINE
- BEATTYVILLE WATERLINE
- BOONEVILLE WATERLINE
- CAMPTON WATERLINE
- HAZARD WATERLINE
- BCWD-JACKSON MASTER METER



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**EXISTING WATER DISTRIBUTION SYSTEM
 BREATHITT COUNTY WATER DISTRICT
 BREATHITT COUNTY, KENTUCKY**

ATTACHMENT 2

drawn by: mrc	disk/file name: \\01_prelim\FER\04 Attachment 2.dwg	job no: 998
date: 10/18/2012	last plot date:	scale: 1" = 15000"

Attachment 3

Certified Bid Tabulation and Letter of Recommendation



September 24, 2012

Mr. Bobby Thorpe, Jr., Chairman
Breathitt County Water District
1137 Main Street
Jackson, KY 41339

RE: Award of Construction Contract –Canoe Road Waterline Extension Phase II

Dear Mr. Thorpe:

On September 20, 2012, at the Breathitt County Courthouse, bids were received on the above referenced project. A total of four (4) sealed bids were received. After the bids were read aloud a Certified Bid Tabulation was prepared and distributed to all parties involved.

The low bidder for the contract was G & W Construction Company, Inc. Based upon on previous reference checks and recent experience with the low bidder, we conclude that, G & W Construction Company, Inc. qualifies as a responsive and responsible bidder. Therefore, NEI recommends that the Breathitt County Water District award the construction contract, as referenced above to G & W Construction Company, Inc. in the amount of \$ 1,423,016.39.

Issuance of the "Notice of Award" for this contract is recommended pending concurrence of the board and all funding agencies. Please feel free to call me if you have any questions.

Sincerely,

Paul D. Nesbitt, P.E.
Project Engineer

C: Estill McIntosh, Superintendent; Jennifer McIntosh – KRADD; Sandy Williams – KIA;
G&W Construction Co., Inc.

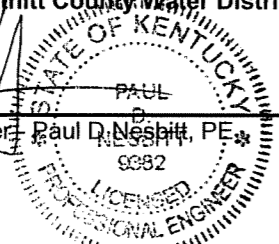
p:\breathitt\998-33 canoe extensions\07 bidding\contract award.docx

Breathitt County Water District
Canoe Road Waterline Extension - Phase II
Bid Opening - 1:00 PM Local Time, September 20, 2012

Certified Bid Tabulation

Item #	Item	Unit	Quantity	G & W Construction Co., Inc Morehead, KY 40351		Clay Pipeline Manchester KY 40962		The BRC Group, LLC London, KY 40741		Cumberland Pipeline, LLC Russell Springs KY 42642	
				Unit Cost	Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost
1	Tie Into Existing Waterline S.S. Tapping Sleeve & Valve	LS	1	\$ 4,155.78	\$ 4,155.78	\$ 1,655.00	\$ 1,655.00	\$ 4,500.00	\$ 4,500.00	\$ 1,800.00	\$ 1,800.00
2	Combination Air Release Valve & Box	EA	4.0	\$ 598.64	\$ 2,394.56	\$ 698.00	\$ 2,792.00	\$ 1,900.00	\$ 7,600.00	\$ 700.00	\$ 2,800.00
3	8" SDR-17 PVC Waterline	LF	6,790	\$ 14.33	\$ 97,300.70	\$ 15.40	\$ 104,566.00	\$ 17.15	\$ 116,448.50	\$ 16.25	\$ 110,337.50
4	6" SDR-17 PVC Waterline	LF	46,000	\$ 10.45	\$ 480,700.00	\$ 10.30	\$ 473,800.00	\$ 9.75	\$ 448,500.00	\$ 11.80	\$ 542,800.00
5	4" SDR-17 PVC Waterline	LF	36,250	\$ 7.26	\$ 263,175.00	\$ 6.10	\$ 221,125.00	\$ 6.25	\$ 226,562.50	\$ 8.90	\$ 322,625.00
6	2" SDR-17 PVC Waterline	LF	1,500	\$ 6.97	\$ 10,455.00	\$ 4.75	\$ 7,125.00	\$ 5.00	\$ 7,500.00	\$ 7.50	\$ 11,250.00
7	8" D.I.M.J. Gate Valve & Box	EA	5	\$ 1,089.10	\$ 5,445.50	\$ 1,340.00	\$ 6,700.00	\$ 2,800.00	\$ 14,000.00	\$ 1,280.00	\$ 6,400.00
8	6" D.I.M.J. Gate Valve & Box	EA	16	\$ 831.10	\$ 13,297.60	\$ 1,080.00	\$ 17,280.00	\$ 2,400.00	\$ 38,400.00	\$ 890.00	\$ 14,240.00
9	4" D.I.M.J. Gate Valve & Box	EA	17	\$ 634.99	\$ 10,794.83	\$ 935.00	\$ 15,895.00	\$ 2,200.00	\$ 37,400.00	\$ 680.00	\$ 11,560.00
10	Flushing Hydrant Assembly, type 1	EA	18	\$ 2,785.35	\$ 50,136.30	\$ 2,785.00	\$ 50,130.00	\$ 3,500.00	\$ 63,000.00	\$ 3,300.00	\$ 59,400.00
11	Flushing Hydrant Assembly, type 3	EA	14	\$ 1,426.97	\$ 19,977.58	\$ 1,525.00	\$ 21,350.00	\$ 2,500.00	\$ 35,000.00	\$ 1,950.00	\$ 27,300.00
12	Creek Crossing, 10" HDPE Directional Drilled	LF	80	\$ 182.79	\$ 14,623.20	\$ 132.00	\$ 10,560.00	\$ 500.00	\$ 40,000.00	\$ 131.00	\$ 10,480.00
13	Creek Crossing, 8" HDPE Directional Drilled	LF	1,370	\$ 109.17	\$ 149,562.90	\$ 100.00	\$ 137,000.00	\$ 93.50	\$ 128,095.00	\$ 98.00	\$ 134,260.00
14	Creek Crossing, 6" HDPE Directional Drilled	LF	1,200	\$ 95.53	\$ 114,636.00	\$ 75.50	\$ 90,600.00	\$ 85.00	\$ 102,000.00	\$ 75.00	\$ 90,000.00
15	Hwy Xing, Bore & Jack w/ 10.75" Steel Casing	LF	150	\$ 118.94	\$ 17,841.00	\$ 94.00	\$ 14,100.00	\$ 80.00	\$ 12,000.00	\$ 83.50	\$ 12,525.00
16	5/8 x 3/4 Indiv. Meters (Radio Read Profiler w/ innv)	EA	105	\$ 795.50	\$ 83,527.50	\$ 1,040.00	\$ 109,200.00	\$ 650.00	\$ 68,250.00	\$ 925.00	\$ 97,125.00
17	5/8 x 3/4 Indiv. Meters (Radio Read Profiler w/o innv)	EA	10	\$ 690.50	\$ 6,905.00	\$ 915.00	\$ 9,150.00	\$ 670.00	\$ 6,700.00	\$ 815.00	\$ 8,150.00
18	3/4" Polyethylene cl 200 service line	LF	4,600	\$ 4.24	\$ 19,504.00	\$ 10.25	\$ 47,150.00	\$ 2.00	\$ 9,200.00	\$ 6.38	\$ 29,348.00
19	1" Polyethylene cl 200 service line	LF	1,000	\$ 5.35	\$ 5,350.00	\$ 10.35	\$ 10,350.00	\$ 4.50	\$ 4,500.00	\$ 6.52	\$ 6,520.00
20	Leak Detection Assembly, Type A	EA	1	\$ 1,370.00	\$ 1,370.00	\$ 1,305.00	\$ 1,305.00	\$ 4,500.00	\$ 4,500.00	\$ 2,000.00	\$ 2,000.00
21	Leak Monitor pit	EA	8	\$ 950.82	\$ 7,606.56	\$ 761.00	\$ 6,088.00	\$ 1,500.00	\$ 12,000.00	\$ 775.00	\$ 6,200.00
22	Waterline Marker	EA	40	\$ 78.32	\$ 3,132.80	\$ 33.00	\$ 1,320.00	\$ 200.00	\$ 8,000.00	\$ 50.00	\$ 2,000.00
23	KY 30 West Booster Station Improvements	LS	1	\$ 39,624.58	\$ 39,624.58	\$ 62,635.00	\$ 62,635.00	\$ 85,000.00	\$ 85,000.00	\$ 73,800.00	\$ 73,800.00
24	KY 30 West Booster Station Pipe Coating	LS	1	\$ 1,500.00	\$ 1,500.00	\$ 2,000.00	\$ 2,000.00	\$ 18,000.00	\$ 18,000.00	\$ 15,000.00	\$ 15,000.00
Total Base Bids (Items 1 through 24)					\$ 1,423,016.39		\$ 1,423,876.00		\$ 1,497,156.00		\$ 1,597,920.50

I hereby certify that the above tabulation accurately represents bids received, opened and read in the Breathitt County Court House for the Breathitt County Water District on September 20, 2012.

Project Engineer, Paul D. Nesbitt, PE


9/24/12
 Date



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 227 North Upper Street
 Lexington, KY 40507-1016

Attachment 4

As Bid Budget / Change Order #1

BREATHITT COUNTY WATER DISTRICT

Breathitt County, Kentucky

Attachment 4 - As-Bid Project Budget

Canoe Road Waterline Phase II

Contract #1 Waterlines (As Bid)	\$ 1,423,016.39
Total Construction Cost =	\$ 1,423,016.39
Administrative	\$ 25,000.00
Legal	\$ 5,000.00
Engineering	
Design	\$ 94,971.00
Construction	\$ 23,743.00
Resident Observation	\$ 73,669.00
Additional Services	\$ 20,119.00
Project Contingencies	\$ -
Total - Opinion of Probable Project Costs =	\$ 1,665,518.39
Funding Sources	
EPA (Grant)	\$ 485,000.00
KIA-SRF (Loan)	\$ 1,054,350.00
Total - Funding Available	\$ 1,539,350.00

Funding Gap \$ (126,168.39)



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227 North Upper Street
Lexington, KY 40507-1016



November 1, 2012

Mr. Bobby Thorpe, Jr., Chairman
Breathitt County Water District
1137 Main Street
Jackson, KY 41339

RE: Recommendation of Change Order #1 – Canoe Road Waterline Extension Phase II

Dear Mr. Thorpe:

On September 20, 2012, at the Breathitt County Courthouse, bids were received on the above referenced project. The lowest responsive and responsible bid received was greater than the available funding. Nesbitt Engineering Inc was directed by the BCWD to amend the scope of work so that the project would be fully funded. It is recommended that concurrent to the signing of the construction contract that the attached change order also be executed.

Please feel free to call me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Paul D. Nesbitt', with a long horizontal line extending to the right.

Paul D. Nesbitt, P.E.
Project Engineer

C: Estill McIntosh, Superintendent
G&W Construction Co., Inc.

p:\breathitt\998-33 canoe extensions\07 bidding\recommend change order.docx

CONTRACT CHANGE ORDER

Nesbitt Engineering, Inc.
227 North Upper Street
Lexington, Kentucky 40507

Order No.	# 1
Date	October 25, 2012
State	Kentucky
County	Breathitt

Contract For: Canoe Road Waterline Extension Phase II

Owner: Breathitt County Water District, Jackson, Kentucky

To: G & W Construction Company, Inc.
(Contractor)

You are hereby requested to comply with the following changes from the contract plans and specifications:

Description of Changes (Supplemental Plans and Specifications Attached, if necessary)					DECREASE in Contract Price	INCREASE in Contract Price
Item No.	Description	Unit	Quantity	Unit Price		
3	8" SDR-17 PVC Waterline	LF	3,900	\$ 14.33	\$ 55,887.00	
4	6" SDR-17 PVC Waterline	LF	8,200	\$ 10.45	\$ 85,690.00	
7	8" D.I.M.J. Gate Valve & Box	EA	1	\$ 1,089.10	\$ 1,089.10	
8	6" D.I.M.J. Gate Valve & Box	EA	3	\$ 831.10	\$ 2,493.30	
10	Flushing Hydrant Assembly, type 1	LF	3	\$ 2,785.35	\$ 8,356.05	
NET CHANGE IN CONTRACT PRICE					\$ 153,515.45	

Justification:
Reduce scope of work to match available funds.

The amount of the Contract will be *(decreased)* ~~*(increased)*~~ *(unchanged)* by the sum of: **One Hundred Fifty Three Thousand Five Hundred Fifteen Dollars and forty five cents (\$ 153,815.45).**

The Contract #1 Total, including Change Orders #1, will therefore be: **One Million Two Hundred Sixty Nine Thousand Five Hundred Dollars and ninty four cents, (\$1,269,500.94).**

The Contract Period provided for Completion will be *(decreased)* ~~*(increased)*~~ *(unchanged)*: 0 Days.
Contract Completion Date will therefore be xxx.

This document will become a supplement to the Contract and all provisions will apply hereto.

Requested

(Owner) Bobby Thorpe Jr, Breathitt County Water District

(Date)

Recommended

(Engineer) Paul D. Nesbitt, PE Nesbitt Engineering, Inc.

(Date)

Accepted

(Contractor) Darrell Alderman, G & W Construction Co., Inc.

(Date)

Approved

(Funding Agency) Division of Water

(Date)

This information will be used as a record of any changes to the original construction contract dated: _____ Date

Attachment 5

Funding Agreements (KIA=SRF Loan & EPA=SPAP Grant)



Steven L. Beshear
Governor

KENTUCKY INFRASTRUCTURE AUTHORITY

1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601
Phone (502) 573-0260
Fax (502) 573-0157
<http://kia.ky.gov>

John E. Covington III
Executive Director

August 12, 2011

Mr. Bobby Thorpe, Jr., Chairman
Breathitt County Water District
1137 Main Street, Suite 305
Jackson, KY 41339

**KENTUCKY INFRASTRUCTURE AUTHORITY
FEDERALLY ASSISTED DRINKING WATER REVOLVING LOAN FUND
RESTATED CONDITIONAL COMMITMENT LETTER (F11-07)**

Dear Chairman Thorpe:

The Kentucky Infrastructure Authority ("the Authority") commends your efforts to improve public service facilities in your community. On July 7, 2011, the Authority approved your loan and, subsequently, on August 4, 2011, approved a modification to your loan for the Canoe Road, Hwy 1098 (South Fork) and Houston Water Line Extensions project subject to the conditions stated below. The total cost of the project shall not exceed \$2,775,000 of which the Authority loan shall provide \$2,500,000 of the funding. Other anticipated funding for the project is reflected in Attachment A. The final loan amount will be equal to the Authority's portion of estimated project cost applied to the actual project cost. Attachment A incorporated herein by reference fully describes the project.

An Assistance Agreement will be executed between the Authority and the Breathitt County Water District upon satisfactory performance of the conditions set forth in this letter. A period of twelve months from the date of the original Conditional Commitment Letter dated July 14, 2011 (7/13/12), will be allowed for you to meet the conditions set forth in this letter and enter into an Assistance Agreement. A one-time extension of up to six months may be granted for applicants that experience extenuating circumstances. Funds will be available for disbursement only after execution of the Assistance Agreement.

The Assistance Agreement and this commitment shall be subject, but not limited to, the following terms:

1. The Authority project loan shall not exceed \$2,500,000.

2. The loan shall contain principal forgiveness in the amount of 40% (previously 35%). Actual amortized loan and forgiveness amounts will be based on actual project costs drawn from the Authority.
3. The loan shall bear interest at the rate of 1% per annum commencing with the first draw of funds.
4. The loan shall be repaid over a period not to exceed 20 years from the date the loan is closed.
5. Interest shall be payable on the unforgiven amount of actual funds received. The first payment shall be due on June 1 or December 1 immediately succeeding the date of the initial draw of funds, provided that if such June 1 or December 1 shall be less than three months since the date of the initial draw of funds, then the first interest payment date shall be the June 1 or December 1 which is at least six months from the date of the initial draw of funds. Interest payments will be due each six months thereafter until the loan is repaid.
6. Full principal payments will commence on the appropriate June 1 or December 1 within twelve months from initiation of operation. Full payments will be due each six months thereafter until the loan is repaid.
7. A loan servicing fee of 0.25% of the annual outstanding loan balance shall be payable to the Authority as a part of each interest payment.
8. Loan funds will be disbursed after execution of the Assistance Agreement as project costs are incurred.
9. The Authority loan funds must be expended within six months of the official date of initiation of operation.
10. Fund "F" loan funds are considered to be federal funds. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations, requires that all recipients and subrecipients **expending \$500,000 or more in a year in federal awards must have a single or program-specific audit conducted for that year** in accordance with the Circular. If the federal amount expended plus all other federal funds expended exceeds the threshold, you are required to arrange for an A-133 audit to be performed by an independent, licensed CPA, or in special cases, the Auditor of Public Accounts of the Commonwealth of Kentucky. The Authority requires an annual audit to be preformed for the life of the loan.

The following is a list of the standard conditions to be satisfied prior to execution of the Assistance Agreement or incorporated in the Assistance Agreement. Any required documentation must be submitted to the party designated.

1. The Authority to Award (bid) package must be submitted to the Division of Water for approval within 14 days of bid opening.
2. The Assistance Agreement must be executed within six (6) months from bid opening.
3. The Borrower must agree to expend all Authority loan funds within six months of the date of initiation of operation.
4. Documentation of final funding commitments from all parties other than the Authority as reflected in the credit analysis shall be provided prior to preparation of the Assistance Agreement and disbursement of the loan monies. Rejections of any anticipated project funding shall be immediately reported and may cause this loan to be subject to further consideration.
5. The loan must undergo review by the Capital Projects and Bond Oversight Committee of the Kentucky Legislature prior to the state's execution of the Assistance Agreement. The committee meets monthly on the third Tuesday. At this time we know of no further submission required for their review; however, they may request information as needed.
6. Any required adjustment in utility service rates shall be adopted by ordinance, municipal order or resolution by the appropriate governing body of the Borrower. Public hearings as required by law shall be held prior to the adoption of the service rate ordinance, order, or resolution. Any required approvals by the Kentucky Public Service Commission shall be obtained.
7. All easements or purchases of land shall be completed prior to commencement of construction. Certification of all land or easement acquisitions shall be provided to the Division of Water.
8. The Borrower must complete and return to the Authority the attached "Authorization For Electronic Deposit of Vendor Payment" Form.
9. The Authority to Award Package documentation shall be submitted to and approved by DOW.

Chairman Bobby Thorpe
August 12, 2011
Page 4

10. An environmental review shall be conducted by the Division of Water for all construction projects receiving DWSRF funds, within the term of this binding commitment and prior to project bid.
11. Technical plans and specifications and a complete DWSRF specifications checklist shall be approved by the Division of Water prior to project bid.
12. A clear site certificate shall be obtained and DOW representatives shall be notified for attendance of the pre-construction conference.
13. Project changes or additions shall require a complete environmental and change order review before they can be included in the DWSRF loan project.

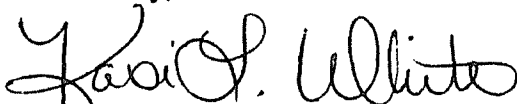
The following is a list of additional conditions to be satisfied prior to execution of the Assistance Agreement or incorporated in the Assistance Agreement. Any required documentation must be submitted to the party designated.

1. The Borrower shall require all contractors to pay wages pursuant to applicable prevailing wage rates (federal or state) for all work relating to the subject Project. The Borrower shall, if applicable, comply with all Davis Bacon related monitoring and reporting.
2. The project shall comply with the reporting requirements of the Transparency Act, and shall complete the attached Transparency Act Reporting Information Form and provide to the Authority no later than 30 days after the KIA Board approval date of your loan.
3. If the project has a "Green Reserve" component, the Borrower must submit a Business Case, if required.

Any special conditions listed below and/or stated in Attachment A must be resolved.

Please inform the Authority of any changes in your financing plan as soon as possible. We wish you every success for this project which will benefit both your community and the Commonwealth as a whole.

Sincerely,



Kasi L. White
Financial Analyst

Chairman Bobby Thorpe
August 12, 2011
Page 5

Attachments

cc: Jennifer McIntosh, Kentucky River Area Development District
Matt Steen, Nesbitt Engineering, Inc.
Division of Water
Dirk Bedarff, Peck, Shaffer & Williams LLP
State Local Debt Office, DLG
Borrower File - Breathitt County Water District - F11-07

Please sign and return a copy of this letter indicating your acceptance of this commitment and its terms. Also attach the completed "Authorization For Electronic Deposit of Vendor Payment" Form.

Accepted

Date

ATTACHMENT A

**Breathitt County Water District
F11-07**

Reviewer: Kasi White
 Date: July 7, 2011
 Amended: August 4, 2011
 Loan Number: F11-07

**KENTUCKY INFRASTRUCTURE AUTHORITY
 DRINKING WATER REVOLVING LOAN FUND (FUND "F")
 BREATHITT COUNTY WATER DISTRICT, BREATHITT COUNTY
 PROJECT REVIEW
 WX21025015, WX21025020 and WX21025021**

I. PROJECT DESCRIPTION

The Breathitt County Water District is requesting a Fund "F" loan in the amount of \$2,500,000 to extend water service in various areas. The request is comprised of three components. The projects will provide an adequate water supply to areas that currently have contaminated drinking water sources. Selective testing indicates that contaminants include iron, sulfur, manganese, sodium chloride as well as pathogens that usually include fecal coliform bacterial contamination at various levels.

The first project is the installation of approximately 78,330 linear feet of PVC and ductile iron pipe in various sizes to service KY 315 north of 1933 (Turner's Creek) and the remaining side roads off of Canoe Road including Canoe, Spicer Branch, Butter Point, Buzzard Fork, Stamper Fork and Lick Branch. The project will also install a service line via railroad bore to Cecil Clair on HWY 52 and upgrade the HWY 52 and Town Hill pump stations. In addition, approximately 46,247 linear feet of 6", 4" and 2" PVC of new lines will be constructed to serve the area of South Fork from Swift Branch to Open Fork and Press Howard Fork and the Short Fork Road area. Lastly, approximately 25,000 linear feet of 4" and 2" line will be constructed to extend service from KY 1114 to Walter Combs' House at the end of Houston Road. Approximately 340 customers will be added as a result of the projects.

II. PROJECT BUDGET

	<u>Total</u>
Administrative Expenses	\$ 40,839
Legal Expenses	18,700
Land & Easements	4,699
Engineering Fees	355,554
Construction	2,117,200
Contingency	238,008
Total	\$ 2,775,000

III. PROJECT FUNDING

	<u>Amount</u>	<u>%</u>
Fund F Loan	\$ 2,500,000	90%
HB1 (No CPBOC approval)	275,000	10%
Total	\$ 2,775,000	100%

IV. KIA DEBT SERVICE

Construction Loan	\$ 2,500,000
Less: Principal Forgiveness (40%)	<u>1,000,000</u>
Amortized Loan Amount	\$ 1,500,000
Interest Rate	1.00%
Loan Term (Years)	20
Estimated Annual Debt Service	\$ 82,937
Administrative Fee (0.25%)	<u>3,750</u>
Total Estimated Annual Debt Service	\$ 86,687

V. PROJECT SCHEDULE

Bid Opening:	August, 2011
Construction Start:	October, 2011
Construction Stop:	November, 2012

VI. RATE STRUCTURE

The district purchases all water for distribution from the City of Jackson at a rate of \$1.90 per 1,000 gallons. There is a minimum purchase required of 400,000 gallons per month.

A. Customers

<u>Customers</u>	<u>Current</u>	<u>Proposed</u>	<u>Total</u>
Residential	1,100	342	1,442
Commercial	5	0	5
Industrial	0	0	0
	<u>1,105</u>	<u>342</u>	<u>1,447</u>

The Canoe Road project is expected to add 220 customers while the Highway 1,098 project will add 122 customers.

B. Rates

Rates were last increased in October, 2005.

First 2,000 gallons (minimum)	\$ 19.90
Rate Per Additional 1,000 Gallons	<u>9.95</u>
Cost for 4,000 gallons	\$ 39.80

Affordability Index (Rate/MHI) 2.5%

VII. DEMOGRAPHICS

In 2000, the County's population was 13,500 with a Median Household Income (MHI) of \$19,155, which is less than 80% of the MHI for the Commonwealth (\$33,672), thus qualifying the District for a 1% interest rate on the proposed loan.

VIII. 2010 CAPITALIZATION GRANT EQUIVALENCIES

- 1) Green Project Reserve - This project does not qualify for Green Project Reserve (GPR) funding.
- 2) Additional Subsidization – This project qualifies for additional subsidization in the amount of \$1,000,000.

IX. FINANCIAL ANALYSIS (See Exhibit 1)

Financial information for the utility was obtained audited financial statements for the years ended December 31, 2006 through 2009. Amounts for 2010 are based on preliminary financial statements.

HISTORICAL

The Breathitt County Water District (BCWD) was created in 2003 to provide water service to unserved residences in Breathitt County. The customer base has increased from about 100 in 2006 to approximately 1,100 today. Since its inception the District has extended the water supply to numerous areas throughout the County.

Revenues have increased 461% from \$88,609 in 2006 to \$497,238 in 2010. Operating expenses and purchased water costs have increased 339% from \$105,449 to \$463,023 during the same period. Cash available for debt service has been negative in all years but 2007 due to customer hookups from extension projects being realized a little later after project completion than expected. The debt coverage ratio in 2010 was 0.06. Reserve funds and a portion of operating cash were utilized to fund the required \$572,000 in debt service from the ARRA loan.

The 2010 operating cash balance represents about 1.5 months of operating expenses and purchased water cost. There are minimal restricted reserve funds to support total capital assets of \$23.5 million. Large unexpected expenses could stress the District's finances given these combined factors.

Financing for the District's capital expansion has involved a combination of grants, fiscal court contributions and credit facilities. The District's long term debt is minimal and is comprised of Series 2009 Revenue Bonds and a note to KIA. Total debt to equity is approximately 4%. Days' sales in accounts receivables are 35.9 which reflects an efficient collection process.

PROJECTED

Projections are based on the following assumptions:

- Revenues have been adjusted to include the additional 340 customers that will be added in 2012 as a result of the project.
- Customer growth outside of planned service area expansions will be 2% per year.
- Operating expenses and purchased water costs are projected to increase by 4% annually
- Average water use was calculated at 3,600 gallons per month per customer based on historical usage.
- The replacement reserve is \$6,250 for this project and \$7,250 annually in total (includes KIA loan F2 09-05).
- Debt service on the new KIA loan will be \$86,687 annually beginning in June 2013.

Based on the above assumptions the Breathitt County Water District will meet the required cash flow through the projected years with a debt coverage ratio of 1.16 in 2013. Debt to equity will increase from 4% to 11% upon completion of the project.

REPLACEMENT RESERVE

Based on the information provided in the application the annual replacement cost is \$6,250. This amount should be added to the replacement account each December 1 until the balance reaches \$62,500 and maintained for the life of the system.

X. DEBT OBLIGATIONS

	<u>Outstanding</u>	<u>Maturity</u>
Series 2009 Revenue Bonds	\$350,000	2049
KIA (F2 09-05)	257,630	2030
Total	\$607,630	

XI. OTHER STATE OF FEDERAL FUNDING IN PAST FIVE YEARS

<u>Project Title</u>	<u>Funding Source</u>	<u>Amount</u>	<u>Type</u>
Watts Extension	HB608	\$1,600,000	Grant
Watts Extension	CDBG	\$1,000,000	Grant
Ext on Hwy 205/1812 to Wolfe County	HB380	\$1,200,000	Grant
Highway 30 West Project	HB608	\$750,000	Grant
Highway 30 East Extension	CDBG, USDA, RD, ARC, CST	\$1,200,000	Grant

XII. CONTACTS

Applicant

Name Breathitt County Water District
Address 1137 Main Street
 Jackson, Kentucky 41339
County Breathitt County
Contact Bobby Thorpe, Jr.
Phone (606) 666-3800, extension 250
Email breathittwater@yahoo.com

Engineer

Name Matt Steen
Firm Nesbitt Engineering, Inc.
Address 227 North Upper Street
 Lexington, Kentucky 40507
Phone (859) 233-3111
Email msteen@nei-ky.com

Applicant Contact

Name Kentucky River Area Development District
Address 917 Perry Park Road
 Hazard, KY 41701
Contact Jennifer McIntosh
Phone (606) 436-3158
Email Jennifer@kradd.org

XIII. RECOMMENDATIONS

KIA staff recommends approval of the loan with the standard conditions.

EXHIBIT 1

**BREATHITT COUNTY WATER DISTRICT DECEMBER
CASH FLOW ANALYSIS**

	Audited	%	Audited	%	Audited	%	Audited	%	Preliminary	Projected	Projected	Projected	Projected
	2006	Change	2007	Change	2008	Change	2009	Change	2010	2011	2012	2013	2014
Operating Revenues													
Charges for Services	51,597	148%	128,026	59%	203,781	49%	304,003	39%	421,912	480,776	565,884	652,927	668,616
Tap Fees	0		54,550	-55%	24,750	135%	58,093	-52%	27,802	5,000	69,000	5,000	5,000
Other	37,012	-100%	25	169276%	42,344	26%	53,533	-11%	47,524	47,524	47,524	47,524	47,524
Total Revenues	88,609	106%	182,601	48%	270,875	53%	415,629	20%	497,238	533,300	682,408	705,451	721,140
Operating Expenses													
Purchased Water	13,946	158%	36,029	2%	36,709	92%	70,497	62%	114,289	120,055	143,381	167,180	173,851
Operating Expenses	91,503	54%	141,024	94%	274,150	42%	388,935	-10%	348,734	364,078	380,097	396,821	414,281
Depreciation	121,135	67%	202,701	40%	283,242	26%	358,016	57%	563,199	577,500	594,000	610,900	796,800
Replacement Reserve									0	2,000	7,250	7,250	7,250
Total Expenses	226,584	68%	379,754	56%	594,101	38%	817,448	26%	1,026,222	1,063,633	1,124,728	1,182,151	1,392,182
Net Operating Income	(137,975)	43%	(197,153)	64%	(323,226)	24%	(401,819)	32%	(528,984)	(530,333)	(442,320)	(476,700)	(671,042)
Non-Operating Income and Expenses													
Interest on Investments	1,115	-8%	1,030	-74%	269	-5%	255	37%	349	300	350	400	450
Total Non-Operating Income & Expenses	1,115	-8%	1,030	-74%	269	-5%	255	37%	349	300	350	400	450
Add Non-Cash Expenses													
Depreciation	121,135	67%	202,701	40%	283,242	26%	358,016	57%	563,199	577,500	594,000	610,900	796,800
Cash Available for Debt Service	(15,725)	-142%	6,578	-704%	(39,715)	10%	(43,548)	-179%	34,564	47,467	152,030	134,600	126,208
Debt Service <i>(enter as positive #'s)</i>													
Existing Principal	0		0		0		0		557,057	5,500	5,500	6,000	6,000
Existing Interest	0		0		45,070		56,427		10,387	9,188	9,044	8,899	8,742
KIA (F2 09-05)									6,737	14,593	14,574	14,574	14,574
Proposed KIA Loan										2,500	15,000	86,687	86,687
Total Debt Service	0		0		45,070		56,427		574,181	31,781	44,118	116,160	116,003
Income After Debt Service	(15,725)		6,578		(84,785)		(99,975)		(539,617)	15,686	107,912	18,440	10,206
Debt Coverage Ratio	n/a		n/a		(0.88)		(0.77)		0.06	1.49	3.45	1.16	1.09

**BREATHITT COUNTY WATER DISTRICT
BALANCE SHEETS (DECEMBER)**

ASSETS	Audited 2006	Audited 2007	Audited 2008	Audited 2009	Preliminary 2010	Project Completion
Current Assets						
Cash	38,002	32,149	40,788	119,763	19,287	19,287
Accounts Receivable	5,905	15,236	20,945	26,998	48,881	46,740
Inventory					6,799	7,500
Other Current Assets (Construction Receivables)					151,460	25,000
Total Current Assets	43,907	47,385	61,733	146,761	226,427	98,527
Restricted Assets						
Restricted for Construction	40,332	43,005	14,475	89,114	163	10,000
Debt Service Reserve Fund	0	0	0	369,833	34,551	34,551
KIA R&M Fund						3,000
Total Restricted Assets	40,332	43,005	14,475	458,947	34,714	47,551
Utility Plant						
Land, System, Building and Equipment	6,375,640	9,329,214	13,881,781	19,863,658	23,537,096	26,312,096
Less Accumulated Depreciation ()	(184,865)	(387,566)	(670,809)	(1,028,825)	(1,592,024)	(2,763,524)
Net Fixed Assets	6,190,775	8,941,648	13,210,972	18,834,833	21,945,072	23,548,572
Total Assets	6,275,014	9,032,038	13,287,180	19,440,541	22,206,213	23,694,650
LIABILITIES						
Current Liabilities						
Accounts Payable	1,195	5,622	9,919	20,798	16,884	20,900
Accrued Liabilities	1,184	2,226	478	838	10,012	15,000
Construction Related Payables	0	0	0	0	151,460	25,000
Current Portion Long Term Debt	0	0	0	500,000	28,804	17,649
Current Portion Proposed KIA Loan						68,106
Total Current Liabilities	2,379	7,848	10,397	521,636	207,160	146,655
Long Term Liabilities						
Long Term Debt	0	0	1,267,334	350,000	590,103	554,926
KIA - Proposed Loan						1,431,894
Total Long Term Liabilities	0	0	1,267,334	350,000	590,103	1,986,819
Total Liabilities	2,379	7,848	1,277,731	871,636	797,263	2,133,475
Retained Earnings:						
Invested in Capital Assets Net of Related Debt	6,190,775	8,941,648	11,943,638	17,984,833	21,326,165	21,466,325
Restricted for Construction	40,332	43,005	14,475	89,114	163	10,000
Restricted for Debt Service	0	0	0	369,833	34,551	34,551
Restricted for R&M	0	0	0	0	0	3,000
Unrestricted	41,528	39,537	51,336	125,125	48,071	47,300
Total Retained Earnings	6,272,635	9,024,190	12,009,449	18,568,905	21,408,950	21,561,176
Total Liabilities and Equities	6,275,014	9,032,038	13,287,180	19,440,541	22,206,213	23,694,651
Balance Sheet Analysis						
Current Ratio	18.46	6.04	5.94	0.28	1.09	0.67
Debt to Equity	0.00	0.00	0.11	0.05	0.04	0.10
Working Capital	41,528	39,537	51,336	(374,875)	19,267	(48,128)
Percent of Total Assets in Working Capital	0.66%	0.44%	0.39%	-1.93%	0.09%	-0.20%
Days Sales in Accounts Receivable	24.3	30.5	28.2	23.7	35.9	25.0

	U.S. ENVIRONMENTAL PROTECTION AGENCY Grant Agreement	GRANT NUMBER (FAIN): 95492012	DATE OF AWARD 09/26/2012
		MODIFICATION NUMBER: 0 PROGRAM CODE: XP	MAILING DATE 10/03/2012
		TYPE OF ACTION New	ACH# PEND
		PAYMENT METHOD: Reimbursement	
RECIPIENT TYPE: County	Send Payment Request to: ellington.natalie@epa.gov, 404 562-9453		
RECIPIENT: Breathitt County Water District 1137 Main Street; Suite 305 Jackson, KY 41339 EIN: 61-1386759	PAYEE: Breathitt County Water District 1137 Main Street; Suite 305 Jackson, KY 41339		
PROJECT MANAGER Estill McIntosh 1137 Main Street; Suite 305 Jackson, KY 41339 E-Mail: bcwdclerk@yahoo.com Phone: 606 666-3800 ext.250	EPA PROJECT OFFICER Conredge Lewis 61 Forsyth Street Atlanta, GA 30303-8960 E-Mail: Lewis.Conredge@epa.gov Phone: 404-562-8967	EPA GRANT SPECIALIST Kenny Richardson Grants Management Office E-Mail: richardson.kenny@epa.gov Phone: 404-562-9021	
PROJECT TITLE AND DESCRIPTION Congressionally Mandated Projects This action approves an award in the amount of \$485,000 to the Breathitt County Water District to construct/develop the installation of approximately 81,000 linear feet of drinking water line and the upgrade of two drinking water pump stations. The proposed project will provide a reliable source of drinking water to a population of 356 individuals in 137 residences located in southwestern Breathitt County. The project is located in the Middle Fork Kentucky watershed (HUC #05100202). A finding of no significant impact for this project was issued on 08/16/2012.			
BUDGET PERIOD 02/01/2012 - 12/31/2013	PROJECT PERIOD 02/01/2012 - 12/31/2013	TOTAL BUDGET PERIOD COST \$4,233,000.00	TOTAL PROJECT PERIOD COST \$4,233,000.00
NOTICE OF AWARD			
Based on your Application dated 10/17/2011 including all modifications and amendments, the United States acting by and through the US Environmental Protection Agency (EPA) hereby awards \$485,000. EPA agrees to cost-share 11.46% of all approved budget period costs incurred, up to and not exceeding total federal funding of \$485,000. Recipient's signature is not required on this agreement. The recipient demonstrates its commitment to carry out this award by either: 1) drawing down funds within 21 days after the EPA award or amendment mailing date; or 2) not filing a notice of disagreement with the award terms and conditions within 21 days after the EPA award or amendment mailing date. If the recipient disagrees with the terms and conditions specified in this award, the authorized representative of the recipient must furnish a notice of disagreement to the EPA Award Official within 21 days after the EPA award or amendment mailing date. In case of disagreement, and until the disagreement is resolved, the recipient should not draw down on the funds provided by this award/amendment, and any costs incurred by the recipient are at its own risk. This agreement is subject to applicable EPA statutory provisions. The applicable regulatory provisions are 40 CFR Chapter 1, Subchapter B, and all terms and conditions of this agreement and any attachments.			
ISSUING OFFICE (GRANTS MANAGEMENT OFFICE)		AWARD APPROVAL OFFICE	
ORGANIZATION / ADDRESS 61 Forsyth Street Atlanta, GA 30303-8960		ORGANIZATION / ADDRESS U.S. EPA, Region 4 Water Protection Division 61 Forsyth Street Atlanta, GA 30303-8960	
THE UNITED STATES OF AMERICA BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY			
Digital signature applied by EPA Award Official Shirley White Grayer - Grants Management Officer			DATE 09/26/2012

EPA Funding Information

FUNDS	FORMER AWARD	THIS ACTION	AMENDED TOTAL
EPA Amount This Action	\$	\$ 485,000	\$ 485,000
EPA In-Kind Amount	\$	\$	\$ 0
Unexpended Prior Year Balance	\$	\$	\$ 0
Other Federal Funds	\$	\$	\$ 0
Recipient Contribution	\$	\$ 2,500,000	\$ 2,500,000
State Contribution	\$	\$ 675,000	\$ 675,000
Local Contribution	\$	\$ 7,000	\$ 7,000
Other Contribution	\$	\$ 566,000	\$ 566,000
Allowable Project Cost	\$ 0	\$ 4,233,000	\$ 4,233,000

Assistance Program (CFDA)	Statutory Authority	Regulatory Authority
66.202 - Congressionally Mandated Projects	FY 2009 Omnibus Appropriations Act (PL 111-8)	40 CFR PART 31

Fiscal									
Site Name	Req No	FY	Approp. Code	Budget Organization	PRC	Object Class	Site/Project	Cost Organization	Obligation / Deobligation
-	1204VX2205	11	E4	04V0SB3	201B51	4183			485,000
									485,000

Approved Budget	
Program Element Classification (Construction)	Approved Allowable Budget Period Cost
1. Administration Expense	\$135,000
2. Preliminary Expense	\$0
3. Land Structure, Right Of Way	\$44,000
4. Architectural Engineering Basic Fees	\$500,472.33
5. Other Architectural Engineering Fees	\$55,000
6. Project Inspection Fees	\$0
7. Land Development	\$0
8. Relocation Expenses	\$0
9. Relocation Payments to Individuals & Bus.	\$0
10. Demolition and Removal	\$0
11. Construction and Project Improvement	\$3,498,527.67
12. Equipment	\$0
13. Miscellaneous	\$0
14. Total (Lines 1 thru 13)	\$4,233,000
15. Estimate Income	\$0
16. Net Project Amount (Line 14 minus 15)	\$4,233,000
17. Less: Ineligible Exclusions	\$0
18. Add: Contingencies	\$0
19. Total (Share: Recip <u>88.54%</u> Fed <u>11.46%</u>)	\$4,233,000
20. TOTAL APPROVED ASSISTANCE AMOUNT	\$485,000

Administrative Conditions

1. PROCUREMENT FOR ENGINEERING AND OTHER PROFESSIONAL SERVICES

The costs of professional engineering and any other professional services contracts procured in compliance with the minimum standards for procurement under grants (see 40 CFR 31.36) are allowable costs for reimbursement with grant funds. No grant funds may be used to reimburse the federal share of any engineering or other professional services contract(s) found to be in noncompliance with the grant procurement regulations. (Note: all project expenditures are deemed to include both the federal and nonfederal shares).

The recipient agrees to conduct all procurement for engineering and other professional services in compliance with 40 CFR 31.36(b)-(k). The recipient also agrees to submit to EPA for pre-award and/or post-award review procurement documents including, but not limited to: selection procedures, requests for qualifications and/or proposals, evaluation methodology and results, memorandum of review or negotiation, cost analyses, proposed contract documents, etc.

2. PROCUREMENT FOR CONSTRUCTION

The cost of construction contracts procured in compliance with the minimum standards for procurement under grants (see 40 CFR 31.36) are allowable costs for reimbursement with grant funds. No grant funds may be used to reimburse the federal share of any construction contract(s) found to be in noncompliance with the grant procurement regulations. (Note: all project expenditures are deemed to include both the federal and nonfederal shares).

The recipient agrees to conduct all procurement for construction in compliance with 40 CFR 31.36(b)-(k) and include the "EPA Supplemental General Conditions for Federally Assisted Construction Contracts" (enclosed) including Minority Business Enterprise and Women's Business Enterprise Goals in any bidding documents. The recipient also agrees to submit to EPA for pre-award and/or post award review procurement documents including, but not limited to: invitations for bids, independent cost estimates, bid documents, disadvantaged business enterprise documentation, etc.

No payments may be made under this grant until EPA has reviewed the construction procurement documents for compliance with the minimum standards for procurement.

3. LOBBYING AND LITIGATION - ALL RECIPIENTS

The chief executive officer of this recipient agency shall ensure that no grant funds awarded under this assistance agreement are used to engage in lobbying of the Federal Government or in litigation against the United States unless authorized under existing law. The recipient shall abide by its respective OMB Circular (A-21, A-87, or A-122), which prohibits the use of federal grant funds for litigation against the United States or for lobbying or other political activities.

4. LOBBYING - ALL RECIPIENTS

The recipient agrees to comply with Title 40 CFR Part 34, *New Restrictions on Lobbying*. The recipient shall include the language of this provision in award documents for all subawards exceeding \$100,000, and require that subrecipients submit certification and disclosure forms accordingly.

In accordance with the Byrd Anti-Lobbying Amendment, any recipient who makes a prohibited expenditure under Title 40 CFR Part 34 or fails to file the required certification or lobbying forms shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such expenditure.

5. RECYCLING TERM AND CONDITION

In accordance with Section 6002 of the Resource Conservation and Recovery Act (RCRA) (42 U.S.C. 6962) any State agency or agency of a political subdivision of a State which is using appropriated Federal funds shall comply with the requirements set forth. Regulations issued under RCRA Section 6002 apply to any acquisition of an item where the purchase price exceeds \$10,000 or where the quantity of such items acquired in the course of the preceding fiscal year was \$10,000 or more. RCRA Section 6002 requires that preference be given in procurement programs to the purchase of specific products containing recycled materials identified in guidelines developed by EPA. These guidelines are listed in 40 CFR 247.

In accordance with the policies set forth in EPA Order 1000.25 and Executive Order 13423, Strengthening Federal Environmental, Energy and Transportation Management (January 24, 2007), the recipient agrees to use recycled paper and double sided printing for all reports which are prepared as a part of this agreement and delivered to EPA. This requirement does not apply to reports prepared on forms supplied by EPA, or to Standard Forms, which are printed on recycled paper and are available through the General Services Administration.

6. HISTORIC PROPERTIES

The recipient agrees to consult with the appropriate State Office in the identification and evaluation of any pre-1946 structures which may be impacted by scheduled project activities, or properties located adjacent to the activities areas. The recipient agrees

to comply with efforts to identify, evaluate and appropriately design project activities to avoid or minimize adverse project impacts to any historic properties listed, or which satisfy the criteria for eligibility for listing (36 CFR 60.4), in the National Register of Historic Places.

7. PROVISIONS

The provisions of the "Award of Grants and Cooperative Agreements for the Special Projects and Programs Authorized by the Agency's FY 2009 Appropriations Act" dated July 27, 2009 (enclosed electronically), is incorporated herein by reference.

8. SUSPENSION AND DEBARMENT - ALL RECIPIENTS

Recipients shall fully comply with Subpart C of 2 CFR Part 180 entitled, "Responsibilities of Participants Regarding Transactions Doing Business With Other Persons," as implemented and supplemented by 2 CFR Part 1532. Recipient is responsible for ensuring that any lower tier covered transaction, as described in Subpart B of 2 CFR Part 180, entitled "Covered Transactions," includes a term or condition requiring compliance with Subpart C. Recipient is responsible for further requiring the inclusion of a similar term or condition in any subsequent lower tier covered transactions. Recipient acknowledges that failing to disclose the information required under 2 CFR 180.335 may result in the delay or negation of this assistance agreement, or pursuance of legal remedies, including suspension and debarment.

Recipients may access suspension and debarment information at <http://www.sam.gov>. This system allows recipients to perform searches determining whether an entity or individual is excluded from receiving Federal assistance. This term and condition supersedes EPA Form 5700-49, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters."

9. THIRD PARTY FUNDS OR SERVICES CONDITION

This offer is made contingent upon EPA receipt and review of evidence that firm commitments for all sources of required matching share for this EPA grant are in effect prior to advertising for bids on the project. This contingency includes third party sources where third parties are in any manner furnishing funds or services which will be used as required matching share for this EPA grant. No payments will be made by EPA under this assistance agreement until EPA has received and reviewed the requested documentation.

10. EPA PARTICIPATION

This award and the resulting ratio of funding is based on estimated costs requested in the application. EPA participation in the final total allowable program/project costs (outlays) shall not exceed the statutory limitation 55% of total allowable program/project costs or the total funds awarded, whichever is lower.

11. DRUG-FREE WORKPLACE CERTIFICATION FOR ALL EPA RECIPIENTS

The recipient organization of this EPA assistance agreement must make an ongoing, good faith effort to maintain a drug-free workplace pursuant to the specific requirements set forth in Title 2 CFR Part 1536 Subpart B. Additionally, in accordance with these regulations, the recipient organization must identify all known workplaces under its federal awards, and keep this information on file during the performance of the award.

Those recipients who are individuals must comply with the drug-free provisions set forth in Title 2 CFR Part 1536 Subpart C.

The consequences for violating this condition are detailed under Title 2 CFR Part 1536 Subpart E. Recipients can access the Code of Federal Regulations (CFR) Title 2 Part 1536 at <http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr&sid=701081165f70316effa8ebf67df73de0&rqn=div5&view=text&node=2:1.2.11.1.1.2&idno=2>.

12. HOTEL-MOTEL FIRE SAFETY

Pursuant to 40 CFR 30.18, if applicable, and 15 USC 2225a, the recipient agrees to ensure that all space for conferences, meetings, conventions, or training seminars funded in whole or in part with federal funds complies with the protection and control guidelines of the Hotel and Motel Fire Safety Act (PL 101-391, as amended). Recipients may search the Hotel-Motel National Master List at <http://www.usfa.dhs.gov/applications/hotel/> to see if a property is in compliance (FEMA ID is currently not required), or to find other information about the Act.

13. TRAFFICKING IN PERSONS

a. Provisions applicable to a recipient that is a private entity.

1. You as the recipient, your employees, subrecipients under this award, and subrecipients' employees may not—
 - i. Engage in severe forms of trafficking in persons during the period of time that the award is in effect;
 - ii. Procure a commercial sex act during the period of time that the award is in effect; or
 - iii. Use forced labor in the performance of the award or subawards under the award.

2. We as the Federal awarding agency may unilaterally terminate this award, without penalty, if you or a subrecipient that is a private entity —
 - i. Is determined to have violated a prohibition in paragraph a.1 of this award term; or
 - ii. Has an employee who is determined by the agency official authorized to terminate the award to have violated a prohibition in paragraph a.1 of this award term through conduct that is either—
 - A. Associated with performance under this award; or
 - B. Imputed to you or the subrecipient using the standards and due process for imputing the conduct of an individual to an organization that are provided in 2 CFR part 180, "OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Nonprocurement)," as implemented by our Agency at 2 CFR 1532.
- b. **Provision applicable to a recipient other than a private entity.** We as the Federal awarding agency may unilaterally terminate this award, without penalty, if a subrecipient that is a private entity—
 1. Is determined to have violated an applicable prohibition in paragraph a.1 of this award term; or
 2. Has an employee who is determined by the agency official authorized to terminate the award to have violated an applicable prohibition in paragraph a.1 of this award term through conduct that is either—
 - i. Associated with performance under this award; or
 - ii. Imputed to the subrecipient using the standards and due process for imputing the conduct of an individual to an organization that are provided in 2 CFR part 180, "OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Nonprocurement)," as implemented by our agency at 2 CFR 1532.
- c. **Provisions applicable to any recipient.**
 1. You must inform us immediately of any information you receive from any source alleging a violation of a prohibition in paragraph a.1 of this award term.
 2. Our right to terminate unilaterally that is described in paragraph a.2 or b of this section:
 - i. Implements section 106(g) of the Trafficking Victims Protection Act of 2000 (TVPA), as amended (22 U.S.C. 7104(g)), and
 - ii. Is in addition to all other remedies for noncompliance that are available to us under this award.
 3. You must include the requirements of paragraph a.1 of this award term in any subaward you make to a private entity.
- d. **Definitions. For purposes of this award term:**
 1. "Employee" means either:
 - i. An individual employed by you or a subrecipient who is engaged in the performance of the project or program under this award; or
 - ii. Another person engaged in the performance of the project or program under this award and not compensated by you including, but not limited to, a volunteer or individual whose services are contributed by a third party as an in-kind contribution toward cost sharing or matching requirements.
 2. "Forced labor" means labor obtained by any of the following methods: the recruitment, harboring, transportation, provision, or obtaining of a person for labor or services, through the use of force, fraud, or coercion for the purpose of subjection to involuntary servitude, peonage, debt bondage, or slavery.
 3. "Private entity":
 - i. Means any entity other than a State, local government, Indian tribe, or foreign public entity, as those terms are defined in 2 CFR 175.25.
 - ii. Includes:
 - A. A nonprofit organization, including any nonprofit institution of higher education, hospital, or tribal organization other than one included in the definition of Indian tribe at 2 CFR 175.25(b).
 - B. A for-profit organization.
 4. "Severe forms of trafficking in persons," "commercial sex act," and "coercion" have the meanings given at section 103 of the TVPA, as amended (22 U.S.C. 7102).

14. SINGLE AUDIT ACT

In accordance with OMB Circular A-133, which implements the Single Audit Act, the recipient hereby agrees to obtain a single audit from an independent auditor, if it expends \$500,000 or more in total Federal funds in any fiscal year. Within nine months after the end of a recipient's fiscal year or 30 days after receiving the report from the auditor, the recipient shall submit the SF-SAC and a Single Audit Report Package. The recipient MUST submit the SF-SAC and a Single Audit Report Package, using the Federal Audit Clearinghouse's Internet Data Entry System. For complete information on how to accomplish the single audit submissions, you will need to visit the Federal Audit Clearinghouse Web site: <http://harvester.census.gov/fac/>.

15. FULLY FUNDED EARMARKS

For fully funded agreements based on an earmark: EPA is fully funding this assistance agreement based on the terms of a congressional earmark. If future earmarks are not provided for this project and recipient, supplemental funding for this project is not guaranteed.

16. MANAGEMENT FEES AND SIMILAR CHARGES

Management fees or similar charges in excess of the direct costs and approved indirect rates are not allowable. The term "management fees or similar charges" refers to expenses added to the direct costs in order to accumulate and reserve funds for ongoing business expenses, unforeseen liabilities, or for other similar costs which are not allowable under this assistance agreement. Management fees or similar charges may not be used to improve or expand the project funded under this agreement, except to the extent authorized as a direct cost of carrying out the scope of work.

17. DISADVANTAGED BUSINESS ENTERPRISE (DBE) CONDITION FOR non-SRF RECIPIENTS

GENERAL COMPLIANCE, 40 CFR, Part 33

The recipient agrees to comply with the requirements of EPA's Program for Utilization of Small, Minority and Women's Business Enterprises in procurement under assistance agreements, contained in 40 CFR, Part 33.

FAIR SHARE OBJECTIVES, 40 CFR, Part 33, Subpart D

A recipient must negotiate with the appropriate EPA award official, or his/her designee, air share objectives for MBE and WBE (MBE/WBE) participation in procurement under the financial assistance agreements.

Accepting the Fair Share Objectives/Goals of Another Recipient

The dollar amount of this assistance agreement is \$250,000, or more; or the total dollar amount of all of the recipient's non-TAG assistance agreements from EPA in the current fiscal year is \$250,000, or more. The recipient accepts the applicable MBE/WBE fair share objectives/goals negotiated with EPA by the Commonwealth of Kentucky as follows:

MBE: CONSTRUCTION 4.1%; SUPPLIES 3.4%; SERVICES 10.8%; EQUIPMENT 1.1%
WBE: CONSTRUCTION 4.6%; SUPPLIES 6.3%; SERVICES 18.6%; EQUIPMENT 1.2%

By signing this financial assistance agreement, the recipient is accepting the fair share objectives/goals stated above and attests to the fact that it is purchasing the same or similar construction, supplies, services and equipment, in the same or similar relevant geographic buying market as Commonwealth of Kentucky.

Negotiating Fair Share Objectives/Goals, 40 CFR, Section 33.404

The recipient has the option to negotiate its own MBE/WBE fair share objectives/goals. If the recipient wishes to negotiate its own MBE/WBE fair share objectives/goals, the recipient agrees to submit proposed MBE/WBE objectives/goals based on an availability analysis, or disparity study, of qualified MBEs and WBEs in their relevant geographic buying market for construction, services, supplies and equipment.

The submission of proposed fair share goals with the supporting analysis or disparity study means that the recipient is not accepting the fair share objectives/goals of another recipient. The recipient agrees to submit proposed fair share objectives/goals, together with the supporting availability analysis or disparity study, to the Regional MBE/WBE Coordinator within 120 days of its acceptance of the financial assistance award. EPA will respond to the proposed fair share objective/goals within 30 days of receiving the submission. If proposed fair share objective/goals are not received within the 120 day time frame, the recipient may not expend its EPA funds for procurements until the proposed fair share objective/goals are submitted.

SIX GOOD FAITH EFFORTS, 40 CFR, Part 33, Subpart C

Pursuant to 40 CFR, Section 33.301, the recipient agrees to make the following good faith efforts whenever procuring construction, equipment, services and supplies under an EPA financial assistance agreement, and to require that sub-recipients, loan recipients, and prime contractors also comply. Records documenting compliance with the six good faith efforts shall be retained:

(a) Require DBEs are made aware of contracting opportunities to the fullest extent practicable through outreach and recruitment activities. For Indian Tribal, State and Local and Government recipients, this will include placing DBEs on solicitation lists and soliciting them whenever they are potential sources.

(b) Make information on forthcoming opportunities available to DBEs and arrange time frames for contracts and establish

delivery schedules, where the requirements permit, in a way that encourages and facilitates participation by DBEs in the competitive process. This includes, whenever possible, posting solicitations for bids or proposals for a minimum of 30 calendar days before the bid or proposal closing date.

(c) Consider in the contracting process whether firms competing for large contracts could subcontract with DBEs. For Indian Tribal, State and local Government recipients, this will include dividing total requirements when economically feasible into smaller tasks or quantities to permit maximum participation by DBEs in the competitive process.

(d) Encourage contracting with a consortium of DBEs when a contract is too large for one of these firms to handle individually.

(e) Use the services and assistance of the SBA and the Minority Business Development Agency of the Department of Commerce.

(f) If the prime contractor awards subcontracts, require the prime contractor to take the steps in paragraphs (a) through (e) of this section.

MBE/WBE REPORTING, 40 CFR, Part 33, Sections 33.502 and 33.503

The recipient agrees to complete and submit EPA Form 5700-52A, "MBE/WBE Utilization Under Federal Grants, Cooperative Agreements and Interagency Agreements" beginning with the Federal fiscal year reporting period the recipient receives the award, and continuing until the project is completed. **Only procurements with certified MBE/WBEs are counted toward a recipient's MBE/WBE accomplishments.** The reports must be submitted semiannually for the periods ending March 31st and September 30th for:

Recipients of financial assistance agreements that capitalize revolving loan programs (CWSRF, DWSRF, Brownfields); and

All other recipients not identified as annual reporters (40 CFR Part 30 and 40 CFR Part 35, Subpart A and Subpart B recipients are annual reporters).

The reports are due within 30 days of the end of the semiannual reporting periods (April 30th and October 30th). Reports should be sent to:

U. S. Environmental Protection Agency
Region 4
Grants Management Office
61 Forsyth Street
Atlanta, GA 30303

Final MBE/WBE reports must be submitted within 90 days after the project period of the grant ends. Your grant cannot be officially closed without all MBE/WBE reports.

EPA Form 5700-52A may be obtained from the EPA Office of Small Business Program's Home Page on the Internet at www.epa.gov/osbp.

CONTRACT ADMINISTRATION PROVISIONS, 40 CFR, Section 33.302

The recipient agrees to comply with the contract administration provisions of 40 CFR, Section 33.302.

BIDDERS LIST, 40 CFR, Section 33.501(b) and (c)

Recipients of a Continuing Environmental Program Grant or other annual reporting grant, agree to create and maintain a bidders list. Recipients of an EPA financial assistance agreement to capitalize a revolving loan fund also agree to require entities receiving identified loans to create and maintain a bidders list if the recipient of the loan is subject to, or chooses to follow, competitive bidding requirements. Please see 40 CFR, Section 33.501 (b) and (c) for specific requirements and exemptions.

18. SUBAWARD REPORTING AND COMPENSATION

I. Reporting Subawards and Executive Compensation.

a. Reporting of first-tier subawards

1. **Applicability.** Unless you are exempt as provided in paragraph d. of this award term, you must report each action that obligates \$25,000 or more in Federal funds that does not include Recovery funds (as defined in section 1512(a)(2) of the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5) for a subaward to an entity (see definitions in paragraph e of this award term).

2. **Where and when to report.**

i. You must report each obligating action described in paragraph a.1. of this award term to www.fsrs.gov.

ii. For subaward information, report no later than the end of the month following the month in which the obligation was made. (For example, if the obligation was made on November 7, 2010, the obligation must be reported by no later than December 31, 2010.)

3. What to report. You must report the information about each obligating action that the submission instructions posted at www.fsrc.gov specify.

b. Reporting Total Compensation of Recipient Executives

1. Applicability and what to report. You must report total compensation for each of your five most highly compensated executives for the preceding completed fiscal year, if –

- i. the total Federal funding authorized to date under this award is \$25,000 or more;
- ii. in the preceding fiscal year, you received—

- (A) 80 percent or more of your annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the Transparency Act, as defined at 2 CFR 170.320 (and subawards); and
- (B) \$25,000,000 or more in annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the Transparency Act, as defined at 2 CFR 170.320 (and subawards); and

iii. The public does not have access to information about the compensation of the executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986. (To determine if the public has access to the compensation information, see the U.S. Security and Exchange Commission total compensation filings at <http://www.sec.gov/answers/execomp.htm>.)

2. Where and when to report. You must report executive total compensation described in paragraph b.1. of this award term:

- i. As part of your registration Central Contractor Registration/System for Award Management profile available at www.sam.gov.
- ii. By the end of the month following the month in which this award is made, and annually thereafter.

c. Reporting of Total Compensation of Subrecipient Executives

1. Applicability and what to report. Unless you are exempt as provided in paragraph d. of this award term, for each first-tier subrecipient under this award, you shall report the names and total compensation of each of the subrecipient's five most highly compensated executives for the subrecipient's preceding completed fiscal year, if –

i. in the subrecipient's preceding fiscal year, the subrecipient received—

- (A) 80 percent or more of its annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the Transparency Act, as defined at 2 CFR 170.320 (and subawards); and
- (B) \$25,000,000 or more in annual gross revenues from Federal procurement contracts (and subcontracts), and Federal financial assistance subject to the Transparency Act (and subawards); and

ii. The public does not have access to information about the compensation of the executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986. (To determine if the public has access to the compensation information, see the U.S. Security and Exchange Commission total compensation filings at <http://www.sec.gov/answers/execomp.htm>.)

2. Where and when to report. You must report subrecipient executive total compensation described in paragraph c.1. of this award term:

- i. To the recipient.
- ii. By the end of the month following the month during which you make the subaward. For example, if a subaward is obligated on any date during the month of October of a given year (i.e., between October 1 and 31), you must report any required compensation information of the subrecipient by November 30 of that year.

d. Exemptions

If, in the previous tax year, you had gross income, from all sources, under \$300,000, you are exempt from the requirements to report:

- i. subawards, and
- ii. the total compensation of the five most highly compensated executives of any subrecipient.

e. **Definitions.** For purposes of this award term:

1. **Entity** means all of the following, as defined in 2 CFR part 25:
 - i. A Governmental organization, which is a State, local government, or Indian tribe;
 - ii. A foreign public entity;
 - iii. A domestic or foreign nonprofit organization;
 - iv. A domestic or foreign for-profit organization;
 - v. A Federal agency, but only as a subrecipient under an award or subaward to a non-Federal entity.
2. **Executive** means officers, managing partners, or any other employees in management positions.
3. **Subaward:**
 - i. This term means a legal instrument to provide support for the performance of any portion of the substantive project or program for which you received this award and that you as the recipient award to an eligible subrecipient.
 - ii. The term does not include your procurement of property and services needed to carry out the project or program (for further explanation, see Sec. -.210 of the attachment to OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations").
 - iii. A subaward may be provided through any legal agreement, including an agreement that you or a subrecipient considers a contract.
4. **Subrecipient** means an entity that:
 - i. Receives a subaward from you (the recipient) under this award; and
 - ii. Is accountable to you for the use of the Federal funds provided by the subaward.
5. **Total compensation** means the cash and noncash dollar value earned by the executive during the recipient's or subrecipient's preceding fiscal year and includes the following (for more information see 17 CFR 229.402(c)(2)):
 - i. *Salary and bonus* .
 - ii. *Awards of stock, stock options, and stock appreciation rights* . Use the dollar amount recognized for financial statement reporting purposes with respect to the fiscal year in accordance with the Statement of Financial Accounting Standards No. 123 (Revised 2004) (FAS 123R), Shared Based Payments.
 - iii. *Earnings for services under non-equity incentive plans* . This does not include group life, health, hospitalization or medical reimbursement plans that do not discriminate in favor of executives, and are available generally to all salaried employees.
 - iv. *Change in pension value*. This is the change in present value of defined benefit and actuarial pension plans.
 - v. *Above-market earnings on deferred compensation which is not tax-qualified* .
 - vi. Other compensation, if the aggregate value of all such other compensation (e.g. severance, termination payments, value of life insurance paid on behalf of the employee, perquisites or property) for the executive exceeds \$10,000.

19. **Central Contractor Registration/System for Award Management and Universal Identifier Requirements**

- A. **Requirement for Central Contractor Registration (CCR)/System for Award Management (SAM).** Unless you are exempted from this requirement under 2 CFR 25.110, you as the recipient must maintain the currency of your information in the SAM until you submit the final financial report required under this award or receive the final payment, whichever is later. This requires that you review and update the information at least annually after the initial registration, and more frequently if required by changes in your information or another award term.
- B. **Requirement for Data Universal Numbering System (DUNS) numbers.** If you are authorized to make subawards under this award, you:
 1. Must notify potential subrecipients that no entity (see definition in paragraph C of this award term) may receive a subaward from you unless the entity has provided its DUNS number to you.
 2. May not make a subaward to an entity unless the entity has provided its DUNS number to you.
- C. **Definitions.** For purposes of this award term:
 1. **Central Contractor Registration (CCR)/System for Award Management (SAM)** means the Federal repository into which an entity must provide information required for the conduct of business as a recipient. Additional information about registration procedures may be found at the System for Award Management (SAM) Internet site <http://www.sam.gov>.
 2. **Data Universal Numbering System (DUNS) number** means the nine-digit number established and assigned by Dun and Bradstreet, Inc. (D&B) to uniquely identify business entities. A DUNS number may be obtained from D&B by telephone (currently 866-705-5711) or the Internet (currently at <http://fedgov.dnb.com/webform>).
 3. **Entity**, as it is used in this award term, means all of the following, as defined at 2 CFR part 25, subpart C:

- a. A Governmental organization, which is a State, local government, or Indian tribe;
 - b. A foreign public entity;
 - c. A domestic or foreign nonprofit organization;
 - d. A domestic or foreign for-profit organization; and
 - e. A Federal agency, but only as a subrecipient under an award or subaward to a non-Federal entity.
4. **Subaward:**
- a. This term means a legal instrument to provide support for the performance of any portion of the substantive project or program for which you received this award and that you as the recipient award to an eligible subrecipient.
 - b. The term does not include your procurement of property and services needed to carry out the project or program (for further explanation, see Sec. --.210 of the attachment to OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations").
 - c. A subaward may be provided through any legal agreement, including an agreement that you consider a contract.
5. **Subrecipient** means an entity that:
- a. Receives a subaward from you under this award; and
 - b. Is accountable to you for the use of the Federal funds provided by the subaward.

Programmatic Conditions

1. The grantee agrees to follow procedures contained in the most current edition of the EPA Region 4, A Special Appropriations Projects (SPAPs) Grant Procedures Workbook (online workbook at <http://www.epa.gov/region4/water/qtas/specialappropriations.html>).
2. The grantee shall follow all requirements under 40 CFR § 31.36 when procuring construction contracts including: assuring full and open competition; procuring by federally approved methods; performing a cost/price analysis; and ensuring contracts include MBE/WBE requirements, bonding requirements, compliance with federal, state and local laws, inclusion of Part 31.36(i) contract provisions, and subcontractor requirements.
3. The grantee agrees to obtain EPA Project Officer review and concurrence of plans and specifications for all construction contracts prior to the advertisement for bids.
4. The grantee shall notify the EPA Project Officer of any contract awards made as part of this grant and provide a copy to EPA if so requested.
5. In consultation with the EPA Project Officer, the grantee shall conduct a pre-construction conference for each construction contract awarded as part of this grant.
6. The grantee will assure the EPA that all land, easements, and rights-of-way necessary for the construction of the project have been obtained prior to initiating construction.
7. The grantee will obtain all necessary state and local permits, including a permit to construct from the appropriate state agency, coverage under the State's NPDES general permit for construction activities, and/or a Corps of Engineers Section 404 permit (if applicable), prior to initiating construction.
8. The grantee shall submit to the EPA Project Officer a semi-annual progress report beginning with the award of this grant and a final report pursuant to 40 CFR § 31.40. These reports will consist of updated progress toward work objectives, problems encountered, actions taken to resolve problems and discussion of remaining tasks. This report may be as brief as one page, or for grant for construction an invoice of work performed that time period, so long as all the requested information is provided. The items listed below should be addressed, as appropriate:

Semi-Annual Progress Report Outline for Special Appropriations Grants

Grant Number: _____
 Grantee Name: _____
 Project Name: _____

Grantee's Authorized Representative: _____

- a. What work was accomplished for this reporting quarter?
- b. What problems, if any, were encountered?
- c. If a problem was encountered, what action was taken to correct it?

- d. Is the project work on schedule?
 - (a) This reporting period?
 - (b) For the project?
- e. If the project is not on schedule, what is proposed for a revised schedule?
- f. Does the new schedule require a time extension?
- g. Is there a change in the Grantee's Authorized Representative or any of the key contacts?

9. The EPA, and its delegated representatives, shall have access to the project work site and project records at all times.

10. The grantee must get the approval of EPA to use of [grant funds to purchase land and/or easements] or [land as match] under this grant project. The grantee agrees to provide EPA a copy of the appraisal obtained in accordance with procedures established under 49 CFR § 24.103 and provide documentation of the required deed restriction (see condition no. 12).

11. The purchased land parcel(s) or land parcel(s) used as match will require the following deed restriction

The [County/City] of [name and state], [purchased this land with federal funds/used this land as match] under a grant from the U.S. Environmental Protection Agency (EPA), grant no. _____. The [County/City] may only use this land, delineated on the attached boundary survey, as a [project description, e.g., storm water retention project], as described in EPA grant no. _____. The [County/City] will be responsible for maintaining this deed restriction in perpetuity. In the event the [County/City] of [name and state], wishes to change the use of the land from the identified grant purpose, the [County/City] must contact the EPA, Region 4, and request written instructions for disposition pursuant to applicable EPA grant regulations

12. The grantee shall comply with the requirements of 49 CFR § Part 24, Uniform Relocation Assistance and Real Property Acquisition for Federal and Federally Assisted Programs, when acquiring land and/or permanent easements as part of this grant.

13. The grantee agrees to comply with 40 CFR § 31.31, which addresses the use and disposal of real property acquired under a federal grant.

14. The grantee has to obtain EPA approval for pre-award costs occurring on or after October 1st in the year of the appropriations related to land acquisition costs including surveys, appraisals, options, associated administrative work, etc. for the project covered by this grant. The grantee agrees to submit copies of invoices, appraisals, etc. to EPA for review and approval of these pre-award costs.

15. The grantee agrees to comply with the applicable Cross-Cutting Federal Laws and Authorities listed as an attachment to this grant award document.

16. The grantee will submit its reimbursement request (SF271) and appropriate invoices to EPA to obtain reimbursement

17. The grantee is encouraged to utilize environmentally preferable practices in the course of procuring goods and services under this grant. "Environmentally preferable" is defined as products or services that have a lesser or reduced effect of human health and the environment. Consideration of environmentally preferable practices should be consistent with price performance, availability, and safety conditions. Examples include:

- **General construction:** Adding ranking factors or contract language for the contractor to: adopt practices reduce idling of construction equipment, use clean diesel fuels in construction equipment, install emissions retrofits equipment, repower construction equipment engines, etc. More information on environmentally preferable practices for construction projects can be found at: www.epa.gov/cleandiesel/construction/strategies.htm, www.epa.gov/cleandiesel/construction/whatyoucando.htm, and <http://www.epa.gov/otaq/retrofit/verif-list.htm>.

- **Construction of buildings:** Adding ranking factors or contract language for the contractor to include green building techniques such as: designing for energy and water efficiency, using green building products, etc. More information on environmentally preferable practices for greener buildings can be found at: <http://www.epa.gov/greenbuilding> and <http://www.wbdg.org>.

- **Electronics equipment:** Adding ranking factors or contract language for EnergyStar® features and EPEAT-registered electronics products when procuring electronics equipment. Also consider adding factors concerning buy-back or end-of-life programs that dispose of electronics in an environmentally safe manner. More information on preferable practices for electronics equipment can be found at: <http://www.epeat.net/Companies.aspx>, <http://www.epa.gov/wastewise/pubs/wwupda14.pdf>, and <http://www.epa.gov/reg3wcmd/pdf/pcrecycling601.pdf>.

- **A/E Services and Construction Services:** Adding a ranking factor or contract language that gives preference to firms that have an environmental management system (EMS) in-place or a partner in EPA's Performance Track Program demonstrating their commitment to improving the environment through their place of work. More information on EMS and Performance Track can be found at: www.epa.gov/ems and www.epa.gov/performance-track.

Grantees will report any environmentally preferable practices undertaken in the semiannual progress reports. The information

reported will be used to track EPA's progress in reducing our environmental impacts

18. The grantee is encouraged to improve the environmental performance of their water and wastewater facilities by developing an environmental management system (EMS). More information specific to implementing an EMS for water, wastewater, and biosolids facilities can be found at <http://www.epa.gov/ems/initiatives/water.htm>.

19. EPA may terminate the assistance agreement for failure to make sufficient progress so as to reasonably ensure completion of the project within the project period, including any extensions. EPA will measure sufficient progress by examining the performance required under the workplan in conjunction with the milestone schedule, the time remaining for performance within the project period and/or the availability of funds necessary to complete the project.

20. Sufficient Progress

The Recipient agrees that EPA may terminate this assistance agreement for failure to make sufficient progress so as to reasonably ensure completion of the project activities within the project period. Alternatively, the recipient may be required to implement a corrective action plan approved by the EPA Project Officer. The EPA Project Officer will measure sufficient progress by examining the performance required under the work plan in conjunction with the milestone schedule, the time remaining for performance within the project period, and/or the availability of funds necessary to complete the project.

Attachment 6

DOW Construction Approval



STEVEN L. BESHEAR
GOVERNOR

LEONARD K. PETERS
SECRETARY

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
DIVISION OF WATER
200 FAIR OAKS LANE, 4TH FLOOR
FRANKFORT, KENTUCKY 40601
www.kentucky.gov

June 18, 2012

Mr. Bobby Thorpe,
Breathitt Co. Water District
1137 Main St., Ste. 305
Jackson, KY 41339

RE: Breathitt Co Water District
AI # 45303, APE20120003
PWSID # 0131012-12-003
Canoe Rd WLE & BPS-SRF Permit
Breathitt County, KY

Dear Mr. Thorpe:

We have reviewed the plans and specifications for the above referenced project. The plans include the construction of approximately 6,660 LF of 8-inch; 45,900 LF of 6-inch; 35,100 4-inch; and 1,500 LF of 2-inch diameter PVC WLE and two buster pump stations – New Town Hill at 515 GPM with 215 ft. TDH and KY 30 West PS at 403 GPM with 350 ft. TDH. This is to advise that plans and specifications for the above referenced project are APPROVED with respect to sanitary features of design, as of this date with the requirements contained in the attached construction permit.

Based on the hydraulic analysis/data submitted, the areas served by this extension are considered to be **underserved**. This designation indicates that without improvements to the existing infrastructure, future extensions may not be able to provide the required minimum pressure of 30 psi on the discharge side of customers' meters. Without improvements to the infrastructure, future extensions to Butter Point Road, Canoe Road, Stamper Fork and KY 315 may be denied. The underserved designation may be used to help prioritize areas under the Governor's 2020 plan for funding future infrastructure improvements.

If you have any questions concerning this project, please contact Mr. Abbas Pourghasemi at 502-564-3410 x4833.

Sincerely,

Mark Rasche, P.E.
Supervisor, Engineering Section
Water Infrastructure Branch
Division of Water

SCANNED

Date: 6/27/12 By: MRC

MER: AGP
Enclosures

C: Nesbitt Engineering, Inc.
Breathitt County Health Department
Public Service Commission
Division of Plumbing

Distribution-Major Construction

Breathitt Co Water District
Facility Requirements

Activity ID No.: APE20120003

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GACT0000000021 (Canoe Lane WLE) 6,660 LF of 8-inch, 45,900 LF of 6-inch, 35,100 4-inch and 1,500 LF of 2-inch diameter PVC WLE and two buster pump stations; New Town Hill, 515 GPM with 215 Ft. TDH and KY 30 West PS, 403 GPM with 350 Ft. TDH:

Limitation Requirements:

Condition No.	Parameter	Condition
L-1	Depth	A continuous and uniform bedding shall be provided in the trench for all buried pipe. Backfill material shall be tamped in layers around the pipe and to a sufficient height above the pipe to adequately support and protect the pipe. Stones found in the trench shall be removed for a Depth ≥ 6 in below the bottom of the pipe. [Recommended Standards for Water Works 8.5.2] This requirement is applicable during the following months: All Year. Statistical basis: Not applicable.
L-2	Depth	All water lines shall be covered to a Depth ≥ 30 in to prevent freezing. [Recommended Standards for Water Works 8.5.3, 401 KAR 8:100 Section 1(7)] This requirement is applicable during the following months: All Year. Statistical basis: Minimum.
L-3	Diameter	All water lines shall have Diameter ≥ 3 in. [Recommended Standards for Water Works 8.1.4] This requirement is applicable during the following months: All Year. Statistical basis: Minimum.
L-4	Diameter	Water lines with Diameter < 6 in shall not have fire hydrants. [Recommended Standards for Water Works 8.1.5] This requirement is applicable during the following months: All Year. Statistical basis: Minimum.
L-5	Diameter	All new and existing water lines serving fire hydrants or where fire protection is provided shall have Diameter ≥ 6 in. [Recommended Standards for Water Works 8.1.2] This requirement is applicable during the following months: All Year. Statistical basis: Minimum.
L-6	Distance	Water lines shall have a sufficient quantity of valves so that inconvenience and sanitary hazards will be minimized during repairs. A valve spacing Distance ≤ 1.0 mi should be utilized. [Recommended Standards for Water Works 8.2] This requirement is applicable during the following months: All Year. Statistical basis: Not applicable.
L-7	Distance	Hydrant drains shall not be connected to sanitary sewers or storm drains and shall be located a Distance > 10 ft from sanitary sewers and storm drains. [Recommended Standards for Water Works 8.3.4] This requirement is applicable during the following months: All Year. Statistical basis: Not applicable.

Distribution-Major Construction

Breathitt Co Water District
Facility Requirements

Activity ID No.: APE20120003

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Limitation Requirements:

Condition No.	Parameter	Condition
L-8	Distance	<p>Except when not practical, water lines shall be laid a horizontal Distance ≥ 10 ft from any existing or proposed sewer. The distance shall be measured edge to edge.</p> <p>In cases where it is not practical to maintain a 10 foot separation, water lines may be installed closer to a sewer provided that the water lines shall be laid in a separate trench or on an undisturbed shelf located on one side of the sewer at such an elevation that the bottom of the water line is at least 18 inches above the top of the sewer. [Recommended Standards for Water Works 8.6.2] This requirement is applicable during the following months: All Year. Statistical basis: Not applicable.</p>
L-9	Distance	<p>When water lines and sewers cross,</p> <ol style="list-style-type: none">1) water lines shall be laid such that either<ol style="list-style-type: none">a) the the top of the water line is a vertical Distance ≥ 18 in below the bottom of the sewer line orb) the bottom of the water line is a vertical Distance ≥ 18 in above the top of the sewer line,2) 1 full length of the water pipe shall be located so that both joints of the water pipe will be as far from the sewer as possible, and3) special structural support for the water and sewer pipes may be required. [Recommended Standards for Water Works 8.6.3] This requirement is applicable during the following months: All Year. Statistical basis: Not applicable.
L-10	Distance	<p>The open end of an air relief pipe from automatic valves shall be extended a Distance ≥ 1.0 ft above grade and provided with a screened, downward-facing elbow. The pipe from a manually operated valve shall be extended to the top of the pit. Use of manual air relief valves is recommended wherever possible. [Recommended Standards for Water Works 8.4.2] This requirement is applicable during the following months: All Year. Statistical basis: Not applicable.</p>
L-11	Pressure	<p>Pipes shall not be installed unless all points of the distribution system remain designed for ground level Pressure ≥ 20 psi under all conditions of flow. [Recommended Standards for Water Works.8.1.1] This requirement is applicable during the following months: All Year. Statistical basis: Minimum.</p>
L-12	Pressure	<p>Pressure ≥ 30 psi must be available on the discharge side of all meters. [401 KAR 8:100 Section 4(2)] This requirement is applicable during the following months: All Year. Statistical basis: Instantaneous determination.</p>

Distribution-Major Construction

Breathitt Co Water District
Facility Requirements

Activity ID No.: APE20120003

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Limitation Requirements:

Condition No.	Parameter	Condition
L-13	Residual Disinfection	<p>New or relocated water lines shall be thoroughly disinfected (in accordance with AWWA Standard C651) upon completion of construction and before being placed into service. To disinfect the new or relocated lines use chlorine or chlorine compounds in such amounts as to produce an initial disinfectant concentration of at least 50 ppm and a Residual Disinfection ≥ 25 ppm at the end of 24 hours. Follow the line disinfection with thorough flushing and place the lines into service if, and only if, Coliform monitoring applicable to the line does not show the presence of Coliform.</p> <p>If Coliform is detected, repeat flushing of the line and Coliform monitoring. If Coliform is still detected, repeat disinfection and flushing as if the line has never been disinfected. Continue the described process until monitoring does not show the presence of Coliform. [401 KAR 8:150 Section 4(1), Recommended Standards for Water Works 8.5.6] This requirement is applicable during the following months: All Year. Statistical basis: Minimum.</p>
L-14	Velocity	<p>Each blow-off, fire hydrant, or flush hydrant shall be sized so that Velocity ≥ 2.5 ft/sec can be achieved in the water main served by the blow-off or hydrant during flushing. [Recommended Standards for Water Works 8.1.6.b, 401 KAR 8:100 Section 1(7)] This requirement is applicable during the following months: All Year. Statistical basis: Minimum.</p>

Monitoring Requirements:

Condition No.	Parameter	Condition
M-1	leaks	<p>The presence or absence of leaks monitored by physical testing as needed shall be determined in all types of installed pipe. Pressure testing and leakage testing shall be in accordance with the latest edition of AWWA Standard C600. [Recommended Standards for Water Works 8.5.5] This requirement is applicable during the following months: All Year. Statistical basis: Instantaneous determination.</p>

Distribution-Major Construction

Breathitt Co Water District

Facility Requirements

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GACT0000000021 (continued):

Narrative Requirements:

Additional Limitations:

Condition No.	Condition
T-1	<p>Additional Limitations: Water line installation shall be in accordance with AWWA standards or manufacturer recommendations. [Recommended Standards for Water Works 8.5.1]</p>
T-2	<p>Additional Limitations: Pipes, fittings, valves and fire hydrants shall conform to the latest standards issued by the AWWA or NSF (if such standards exist). PVC and PE piping used must be certified to ANSI/NSF Standard 61. [Recommended Standards for Water Works 8.0.1]</p>
T-3	<p>Additional Limitations: At high points in water lines, where air can accumulate, provisions shall be made to remove the air by means of hydrants or air relief valves. Automatic air relief valves shall not be used in situations where manhole or chamber flooding may occur. [Recommended Standards for Water Works 8.4.1]</p>
T-4	<p>Additional Limitations: All tees, bends, plugs and hydrants shall be provided with reaction blocking, tie rods or joints designed to prevent movement. [Recommended Standards for Water Works 8.5.4]</p>
T-5	<p>Additional Limitations: A flush hydrant or blow-off shall be required at the end of each dead end line that is less than 6 inches in diameter. [Recommended Standards for Water Works 8.1.6]</p>
T-6	<p>Additional Limitations: For each fire or flush hydrant, auxiliary valves shall be installed in the hydrant lead pipe. [Recommended Standards for Water Works 8.3.3]</p>
T-7	<p>Additional Limitations: No flushing device, blow-off, or air relief valve shall be directly connected to any sewer. Chambers, pits or manholes containing valves, blow-offs, meters, or other such appurtenances shall not be directly connected to any storm drain or sanitary sewer. Such chambers, pits or manholes shall be drained to absorptions pits underground or to the surface of the ground where they are not subject to flooding by surface water. [Recommended Standards for Water Works 8.1.6, Recommended Standards for Water Works 8.4.3]</p>
T-8	<p>Additional Limitations: If water lines are installed or replaced in areas of organic contamination or in areas within 200 ft of underground or petroleum storage tanks, ductile iron or other nonpermeable materials shall be used in all portions of the water line installation or replacement. [401 KAR 8:100 Section 1(5)(d)6, Recommended Standards for Water Works 8.0.2]</p>

Distribution-Major Construction

Breathitt Co Water District
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Narrative Requirements:

Additional Limitations:

Condition No.	Condition
T-9	Additional Limitations: No water pipe shall pass through or come in contact with any part of a sewer manhole. [Recommended Standards for Water Works 8.6.6]
T-10	Additional Limitations: If a fire sprinkler system is to be installed, a double check detector assembly approved for backflow prevention shall be utilized. The double check detector assembly of the system shall be accessible for testing. [401 KAR 8:100 Section 1(7)]
T-11	Additional Limitations: If water lines cross a stream or wetland, the provisions in the attached Water Quality Certification shall apply. If you have any questions please contact the Water Quality Certification Supervisor of the Water Quality Branch at (502) 564-2225. [401 KAR 8:100 Section 1(7)]

Subfluvial Pipe Crossings:

Condition No.	Condition
T-12	Subfluvial Pipe Crossings: For subfluvial pipe crossings, a floodplain construction permit will not be required pursuant to KRS 151.250 if the following requirements of 401 KAR 4:050 Section 2 are met. <ol style="list-style-type: none">1) No material may be placed in the stream or in the flood plain of the stream to form construction pads, coffer dams, access roads, etc. during construction of pipe crossings.2) Crossing trenches shall be backfilled as closely as possible to the original contour.3) All excess material resulting from construction displacement in a crossing trench shall be disposed of outside the flood plain.4) For erodible channels, there shall be at least 30 inches of backfill on top of all pipe or conduit points in the crossing.5) For nonerodible channels, pipes or conduits in the crossing shall be encased on all sides by at least 6 inches of concrete with all pipe or conduit points in the crossing at least 6 inches below the original contour of the channel. [401 KAR 8:100 Section 1(7)]

Distribution-Major Construction

Breathitt Co Water District

Facility Requirements

Activity ID No.: APE20120003

Narrative Requirements:

Subfluvial Pipe Crossings:

Condition

No. Condition

T-13

Subfluvial Pipe Crossings:

For subfluvial pipe crossings greater than 15 feet in width,

- 1) the pipe shall be of special construction, having flexible, restrained, or welded watertight joints, and
- 2) valves shall be provided at both ends of water crossings so that the section can be isolated for testing or repair.

Valves shall

- a) be easily accessible,
- b) not be subject to flooding, and
- c) if closest to the supply source, be in a manhole with permanent taps made on each side of the valve to allow insertion of a small meter to determine leakage and for sampling purposes. [Recommended Standards for Water Works 8.7.2]

Distribution-Major Construction

Breathitt Co Water District
Facility Requirements

Activity ID No.: APE20120003

PORT0000000034 (Canoe Lane WLE) 6,660 LF of 8-inch, 45,900 LF of 6-inch, 35,100 4-inch and 1,500 LF of 2-inch diameter PVC WLE :

Monitoring Requirements:

Condition No.	Parameter	Condition
M-1	Coliform	The presence or absence of total Coliform monitored by sampling and analysis as needed shall be determined for the new or relocated water line(s). Take samples at connection points to existing lines, at 1 mile intervals, and at dead ends without omitting any branch of the new or relocated water line. Sample bottles shall be clearly identified as "special" construction tests. [401 KAR 8:100 Section 1(7), 401 KAR 8:150 Section 4, Recommended Standards for Water Works 8.5.6] This requirement is applicable during the following months: All Year. Statistical basis: Instantaneous determination.
M-2	Coliform	The presence or absence of total Coliform monitored by sampling and analysis as needed shall be determined for the new pump(s). If the pump(s) are independent of (not directly connected to) the new or relocated lines, take at least 1 sample at the discharge side pitcock. Otherwise, no additional sampling beyond the sampling required for new or relocated lines shall be required. Sample bottles shall be clearly identified as "special" construction tests. [401 KAR 8:100 Section 1(7)] This requirement is applicable during the following months: All Year. Statistical basis: Instantaneous determination.

Submittal/Action Requirements:

Coliform:

Condition No.	Condition
S-1	Coliform For new construction projects, the distribution system, using the most expedient method, shall submit Coliform test results to the Cabinet: Due immediately following disinfection and flushing. [401 KAR 8:150 Section 4(2)]

Condition No.	Condition
S-2	For proposed changes to the approved plan, submit information: Due prior to any modification to the Cabinet for approval. Changes to the approved plan shall not be implemented without the prior written approval of the Cabinet. [401 KAR 8:100 Section 1(8)]

Distribution-Major Construction

Breathitt Co Water District

Facility Requirements

Activity ID No.: APE20120003

PORT0000000034 (continued):

Submittal/Action Requirements:

Condition No.	Condition
S-3	The person who presented the plans shall submit the professional engineer's certification: Due when construction is complete to the Division of Water. The certification shall be signed by a registered professional engineer and state that the water project has been constructed and tested in accordance with the approved plans, specifications, and requirements. [401 KAR 8:100 Section 1(8)]

Narrative Requirements:

Additional Limitations:

Condition No.	Condition
T-1	Additional Limitations: Chlorinated water resulting from disinfection of project components shall be disposed in a manner which will not violate 401 KAR 5:031. [401 KAR 8:020 Section 2(20)]

Condition No.	Condition
T-2	This project has been permitted under the provisions of KRS Chapter 224 and regulations promulgated pursuant thereto. Issuance of this permit does not relieve the applicant from the responsibility of obtaining any other approvals, permits or licenses required by this Cabinet and other state, federal and local agencies. Further, this permit does not address the authority of the permittee to provide service to the area to be served. [401 KAR 8:100 Section 1(7)]
T-3	Unless construction of this project is begun within 2 year from the issuance date of this permit, the permit shall expire. If this permit expires, the original plans and specifications may be resubmitted for a new comprehensive review. If you have any questions concerning this project, please contact the Drinking Water Branch at 502/564-3410. [401 KAR 8:100 Section 1(9)]
T-4	Final approval of facility. Upon completion of construction, the person who presented the plans shall certify in writing that the project has been completed in accordance with the "approved" plans and specifications. The public water supply shall operate the facility consistent with the approved plans and specifications. Any proposed change to the approved plan shall be submitted to the cabinet for approval. The public water supply shall not implement any change to the approved plan without the prior written approval of the cabinet. [401 KAR 8:100 Section 401 KAR 8:100(1)(8)]

Distribution-Major Construction

Breathitt Co Water District
Facility Requirements

Activity ID No.: APE20120003

PORT0000000034 (continued):

Narrative Requirements:

Condition	Condition
No.	

T-5	During construction, a set of approved plans and specification shall be available at the job site at all times. All work shall be performed in accordance with the approved plans and specifications. [401 KAR 8:100 Section 1(7)(a)]
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Attachment 7

Cost of Operation

Breathitt County Water District

Canoe Road Waterline Extension Phase II
998-33

ATTACHMENT # 7

Electrical Rates - AEP (Tariff 215-Medium General Service)

Monthly Basic Fee	\$ 13.50
Usage Rate	\$ 0.09862 per KWH for first 200 KWH
	\$ 0.08460 per KWH after first 200 KWH
Demand Factor	\$ 1.64 per KWH

Pump Data (KY 30 West)

Average Flow Rate	530 gpm
Horsepower	50
Efficiency	75%
Hours of Operation	6.00 hours/day

Demand of Customers

Estimated Customers (1166 current & 115 new)	1281 Homes
New - Total Estimate Flow	192,150 gallons/day

Opinion of Probable Cost of Operation					
Proposed Operating Conditions					
New Production Cost					
Purchase Price per 1,000 gallons (Purchased from the City of Jackson)					\$ 2.90
Total - Proposed Annual Cost of Purchased Water					\$ 203,390.78
Operation Costs					
Pumping Costs					
Reconditioned KY 30 West Booster Station Electric Consumption	332	KWH per Day	121,018	KWH per year	
Total Project Electric Consumption	332	KWH per Day	121,018	KWH per year	
	Monthly Basic Fee (\$13.50 x 12 months)			\$	162.00
	Usage Rate (200 KW x \$0.09862 + ((80,679 KW - 200 KW) x \$0.0846))			\$	11,934.77
	Demand Charge (61.43 KW x \$1.64 x 12 months)			\$	1,208.94
Total - Proposed Annual Pumping Cost					\$ 13,305.72
Total - Proposed Annual Production & Operation Costs					\$ 216,696.49