

Rubin & Hays

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CHARLES S. MUSSON
W. RANDALL JONES
CHRISTIAN L. JUCKETT

January 30, 2015

RECEIVED

FEB 3 2015

PUBLIC SERVICE
COMMISSION

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

Re: Rattlesnake Ridge Water District PSC Application - KRS 278.023

Dear Mr. Derouen:

2015-0040

Enclosed please find the original and ten (10) copies of the Application of the Rattlesnake Ridge Water District for a Certificate of Public Convenience and Necessity to construct, finance and increase rates pursuant to KRS 278.023.

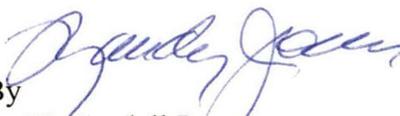
Also enclosed are eleven (11) copies of the exhibits required pursuant to 807 KAR 5.069, with the **exception of the Bid Tabulations, Preliminary and Final Engineering Reports, of which two copies are enclosed.**

The Engineers on this Project will file the electronic copy of the Plans and Specifications in the near future.

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

Sincerely,

Rubin & Hays

By 
W. Randall Jones

WRJ:jlm
Enclosures
cc: Distribution List

DISTRIBUTION LIST

Re: Rattlesnake Ridge Water District Waterworks Revenue Bonds, Series 2015, in the principal amount of \$200,000 (Phase X Project).

Mr. Thomas G. Fern
State Director
USDA, Rural Development
771 Corporate Drive, Suite 200
Lexington, Kentucky 40503-5477

Telephone: (859) 224-7336
Fax: (859) 224-7340

Mr. Douglas Hoff
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douglas.hoff@ky.usda.gov

Telephone: (606) 784-6447
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Mr. Bernie McDaniel, Manager
Rattlesnake Ridge Water District
P.O. Box 475
Grayson, Kentucky 41143
bernie.rrwd@windstream.net

Telephone: (606) 474-7570
Fax: (606) 474-8531

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RECEIVED

FEB 3 2015

**PUBLIC SERVICE
COMMISSION**

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

**THE APPLICATION OF THE RATTLESNAKE RIDGE)
WATER DISTRICT FOR A CERTIFICATE)
OF PUBLIC CONVENIENCE AND)
NECESSITY TO CONSTRUCT, FINANCE AND)
INCREASE RATES PURSUANT TO KRS 278.023)**

Case No. 2015- 40

A P P L I C A T I O N

This Application of the Rattlesnake Ridge Water District ("Applicant"), respectfully shows:

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

2. That the post office address of Applicant is:

Rattlesnake Ridge Water District
c/o Mr. Bernie McDaniel, Manager
P.O. Box 475
Grayson, Kentucky 41143
Phone: (606) 474-7570
Fax: (606) 474-8531
email address: bernie.rrwd@windstream.net

3. That Applicant, pursuant to the provisions of KRS 278.023, seeks (i) a Certificate of Public Convenience and Necessity, permitting Applicant to construct a waterworks improvement project (the "Project"); (ii) an Order approving increased water rates; and (iii) approval of the proposed plan of financing said Project.

4. That the Project consists of the replacement of the McConnell Branch water standpipe with a 100,000 elevated water storage tank and appurtenances.

5. That Applicant proposes to finance the construction of the Project through (i) the issuance of \$200,000 of its Waterworks Revenue Bonds; (ii) a USDA, Rural Development ("RD") grant in the amount of \$300,000; and (iii) an Appalachian Regional Commission ("ARC") grant in the amount of \$170,000. Applicant has a commitment from RD to purchase said \$200,000 of bonds

maturing over a 40-year period, at an interest rate not to exceed 3.25% per annum as set out in the RD Letter of Conditions filed herewith as an Exhibit.

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

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

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

8. That Applicant has complied with the "public postings" requirement of 807 KAR 5:069, Section 3(1)(a) by posting a copy of the Notice of Proposed Rate Change (the "Notice") in its place of business. Applicant does not maintain a website. Applicant has also arranged for the publication, prior to or at the same time this Application is filed, of the Notice pursuant to 807 KAR 5:069, Section 3(2) in the newspapers of general circulation in Applicant's service area. Said Notice sets out the content requirements of 807 KAR 5:069, Section 3(4). A copy of said Notice is filed herewith as **Exhibit "D"**. Applicant shall file with this Commission no later than fifteen (15) days from the date this Application was initially filed, affidavits and tearsheets from the publishers as required by 807 KAR 5:069 Section 3(3)(b).

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

WHEREFORE, Applicant, the Rattlesnake Ridge 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 water system improvement project.
- b. An Order approving the financing arrangements made by Applicant, viz., (i) the issuance of \$200,000 of Rattlesnake Ridge Water District Waterworks Revenue Bonds at an interest rate not to exceed 3.25% per annum; (ii) an RD grant in the amount of \$300,000; and (iii) an ARC grant in the amount of \$170,000.
- c. An Order approving the proposed water rates as set out in Section 28 of the RD Letter of Conditions filed herewith as an Exhibit.

Rattlesnake Ridge Water District

By: 
Chairman
Board of Water Commissioners


W. Randall Jones, Esq.
Rubin & Hays
Counsel for Applicant
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202
Phone: (502) 569-7525
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wrjones@rubinhays.com



United States Department of Agriculture

Rural Development August 6, 2014

Kentucky State Office

771 Corporate Drive,
Suite 200
Lexington, KY
40503

Voice 859.224.7300
Fax 859.224.7425
TTY 859.224.7422

Mr. Bill Gilbert, Chairman
Rattlesnake Ridge Water District
P. O. Box 475
Grayson, Kentucky 41143

Dear Mr. Gilbert:

This letter establishes conditions which must be understood and agreed to by you before further consideration may be given to the application. The loan and grant will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area office staff of USDA Rural Development. Any changes in project cost, source of funds, scope of services or any other significant changes in the project or applicant must be reported to and approved by USDA Rural Development, by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application. It should also be understood that Rural Development is under no obligation to provide additional funds to meet an overrun in construction costs.

This letter is not to be considered as loan or grant approval or as a representation as to the availability of funds. The docket may be completed on the basis of a RUS loan not to exceed \$200,000; a RUS grant not to exceed \$300,000; and an Appalachian Regional Commission (ARC) grant in the amount of \$170,000.

If Rural Development makes the loan, the interest rate will be the lower of the rate in effect at the time of loan approval or the rate in effect at the time of loan closing, unless the applicant otherwise chooses. The loan will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you.

Please complete and return the attached Form RD 1942-46, "Letter of Intent to Meet Conditions," if you desire that further consideration be given to your application.

The "Letter of Intent to Meet Conditions" must be executed within three weeks from the date of this letter or it becomes invalid unless a time extension is granted by Rural Development.

If the conditions set forth in this letter are not met within 240 days from the date hereof, Rural Development reserves the right to discontinue the processing of the application.

In signing Form RD 1942-46, "Letter of Intent to Meet Conditions," you are agreeing to complete the following as expeditiously as possible:

USDA is an equal opportunity provider and employer.

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form (PDF), found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-8992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.

1. Number of Users and Their Contribution:

There shall be 4,040 water users, of which all are existing users. The Area Director will review and authenticate the number of users prior to advertising for construction bids.

2. Grant Agreement:

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

3. Drug-Free Work Place:

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

4. Repayment Period:

The loan will be scheduled for repayment over a period not to exceed 40 years from the date of the Bond. Principal payment will not be deferred for a period in excess of one year from the date of the Bond. Payments will be in accordance with applicable KRS, which requires interest to be paid semi-annually (January 1st and July 1st) and principal will be due on or before the first of January. Rural Development may require the District to adopt a supplemental payment agreement providing for monthly payments of principal and interest so long as the bond is held or insured by RUS. Monthly payments will be approximate amortized installments.

5. Recommended Repayment Method:

Payments on this loan shall be made using the Preauthorized Debit (PAD) payment method. This procedure eliminates the need for paper checks and ensures timely receipt of RD loan payments. To initiate PAD payments, Form RD 3550-28, "Authorization Agreement for Preauthorized Payments," should be signed by the District to authorize the electronic withdrawal of funds from your designated bank account on the exact installment payment due date. The Area Director will furnish the necessary forms and further guidance on the PAD procedure.

6. Reserve Accounts:

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

The District will be required to deposit \$80 per month into a "Funded Debt Reserve Account" until the account reaches \$9,600. The deposits are to be resumed any time the account falls below the \$9,600.

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

The monthly deposits to the Reserve Account are required to commence with the first month of the first full fiscal year after the facility becomes operational.

The District also needs to fund an account for short-lived assets by depositing a sum of \$3,517 monthly into the account. The funds in the short-lived asset account may be used by the District as needed to replace or add short-lived assets in the District's water system. This short-lived asset reserve amount replaces any previous short-lived assets requirements previously set with any prior RUS loan.

7. Security Requirements:

A pledge of gross water revenue will be provided in the Bond Resolution. Bonds shall rank on a parity with existing bonds, if possible.

If this is not possible, the bond will be subordinate and junior to the existing bonds, in which case the District will be required to abrogate its right to issue additional bonds ranking on a parity with the existing bonds, so long as any unpaid indebtedness remains on this bond issue.

8. Land Rights and Real Property:

The District will be required to furnish satisfactory title, easements, etc., necessary to install, maintain and operate the facility to serve the intended users. The pipelines will be on private rights-of-way where feasible. Easements and options are to be secured prior to advertising for construction bids.

9. Organization:

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

The District must maintain a current registration of their Dun and Bradstreet Data Universal Numbering System (DUNS) number in SAM.gov (System for Award Management) in order to receive federal loan and/or grant financial assistance. This registration must be updated/renewed at least annually.

10. Business Operations:

The District will be required to operate the system under a well-established set of resolutions, rules and regulations. A budget must be established annually and adopted by the District after review by Rural Development. At no later than loan pre-closing, the District will be required to furnish a prior approved management plan to include, as a minimum, provisions for management, maintenance, meter reading, miscellaneous services, billing, collecting, delayed payment penalties, disconnect/reconnect fees, bookkeeping, making and delivering required reports and audits.

11. Accounts, Records and Audits:

The District will be required to maintain adequate records and accounts and submit annual budgets and year-end reports (annual audits)/statistical and financial reports, quarterly and annually, in accordance with subsection 1780.47 of RUS Instruction 1780.

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

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

13. Insurance and Bonding:

The following Insurance and bonding will be required:

- A. Adequate Liability and Property Damage Insurance including vehicular coverage, if applicable, must be obtained and maintained by the District. The District should obtain amounts of coverage as recommended by its attorney, consulting engineer and/or insurance provider.
- B. Worker's Compensation - The District will carry worker's compensation insurance for employees in accordance with applicable state laws.
- C. Fidelity Bond - The District will provide Fidelity Bond Coverage for all persons who have access to funds. Coverage may be provided either for all individual positions or persons, or through "blanket" coverage providing protection for all appropriate employees and/or officials. The amount of coverage required for all RUS loans is \$422,000.
- D. Real Property Insurance - The District will obtain and maintain adequate fire and extended coverage on all structures including major items of equipment or machinery located in the structures. The amounts of coverage should be based on recommendations obtained by the District from its attorney, consulting engineer and/or insurance provider. Subsurface lift stations do not have to be covered except for the value of electrical and pumping equipment therein.
- E. Flood Insurance - The District will obtain and maintain adequate coverage on any facilities located in a special flood and mudslide prone areas.

14. Planning and Performing Development:

- A. The engineer should not be authorized to commence work on final plans and specifications until a determination has been made that the project can be planned and constructed within the estimated cost shown in paragraph "24" of this letter. The engineer may then proceed to develop final plans and specifications to be completed no later than 210 days from this date, and prepare bid documents. The Area Director is prepared to furnish the necessary guide to follow so as to keep the project plans and documents within our guidelines and requirements. The project should not be advertised for construction bids until all easements and enforceable options have been obtained, and total funds are committed or available for the project.

B. The following documents will be submitted to Rural Development for review and must be concurred in by Rural Development prior to advertisement for construction bids:

1. Final plans, specifications and bid documents.
2. Applicant's letter on efforts to encourage small business and minority-owned business participation.
3. Legal Service Agreements.
4. Engineering Agreements.

Revision in these documents will be subject to Rural Development concurrence. Any agreements, contracts, etc. not reviewed and approved by Rural Development will not be eligible for payment from project funds or revenues from facilities financed by this Agency.

Prior to receipt of an authorization to advertise for construction bids, the District will obtain advance clearance from Bond Counsel regarding compliance with KRS 424 pertaining to publishing of the advertisement for construction bids in local newspapers and the period of time the notice is required to be published.

15. Civil Rights & Equal Opportunity:

You should be aware of and will be required to comply with other federal statute requirements including but not limited to:

A. Section 504 of the Rehabilitation Act of 1973:

Under Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), no handicapped individual in the United States shall, solely by reason of their handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Rural Development financial assistance.

B. Civil Rights Act of 1964:

All borrowers are subject to, and facilities must be operated in accordance with, Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) and Subpart E of Part 1901 of this Title, particularly as it relates to conducting and reporting of compliance reviews. Instruments of conveyance for loans and/or grants subject to the Act must contain the covenant required by paragraph 1901.202(e) of this Title.

C. The Americans with Disabilities Act (ADA) of 1990:

This Act (42 U.S.C. 12101 et seq.) prohibits discrimination on the basis of disability in employment, state and local government services, public transportation, public accommodations, facilities, and telecommunications. Title II of the Act applies to facilities operated by state and local public entities that provide services, programs, and activities. Title III of the Act applies to facilities owned, leased, or operated by private entities that accommodate the public.

D. Age Discrimination Act of 1975:

This Act (42 U.S.C. 6101 et seq.) provides that no person in the United States shall, on the basis of age, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

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

16. Closing Instructions:

The Office of General Counsel, our Regional Attorney, will be required to write closing instructions in connection with this loan. Conditions listed therein must be met by the District.

17. Compliance with Special Laws and Regulations:

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

18. Treatment Plant and System Operator:

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

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

- A. Form RUS Bulletin 1780-27, "Loan Resolution (Public Bodies)."
- B. Form RD 400-1, "Equal Opportunity Agreement."
- C. Form RD 400-4, "Assurance Agreement."
- D. Form AD-1047, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transaction."
- E. Form RD 1910-11, "Applicant Certification Federal Collection Policies for Consumer or Commercial Debts."
- F. RD Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans."
- G. RUS Bulletin 1780-22, "Eligibility Certification."

20. Refinancing and Graduation Requirements:

The District is reminded that if at any time it shall appear to the Government that the District is able to refinance the amount of the RUS indebtedness then outstanding, in whole or in part, by obtaining a loan from commercial sources at reasonable rates and terms, upon the request of the Government, the District will apply for and accept such loan in sufficient amount to repay the Government.

21. Commercial Interim Financing:

The District will be required to use commercial interim financing for the project during construction for the RUS loan portion of the financing, if available at reasonable rates and terms.

Before the loan is closed, the District will be required to provide Rural Development with statements from the contractor, engineer and attorneys that they have been paid to date in accordance with their contract or other agreements and, in the case of the contractor, that he has paid his suppliers and sub-contractors.

22. Disbursement of Project Funds:

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

For each "construction account" as established, if the amount of RUS loan and grant funds plus any applicant contributions or funds from other sources to be deposited into the account are expected to exceed \$250,000 at any time, the financial institution will secure the amount in excess of \$250,000 by pledging collateral with the Federal Reserve Bank in an amount not less than the excess in accordance with 7 CFR, 1902.7(a).

During construction, the District shall disburse project funds in a manner consistent with subsection 1780.76 (e) of RUS Instruction 1780. Form RD 1924-18, "Partial Payment Estimate," or similar form approved by Rural Development, shall be used for the purpose of documenting periodic construction estimates, and shall be submitted to Rural Development for review and acceptance. Prior to disbursement of funds by the District, the Board of Directors shall review and approve each payment estimate. All bills and vouchers must be approved by Rural Development prior to payment by the District.

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

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

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

23. Disbursement of Grant Funds:

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

24. Cost of Facility:

Breakdown of Costs:

Development	\$ 500,000
Land and Rights	3,000
Legal and Administrative	10,000
Engineering	105,000
Interest	3,200
Contingencies	<u>48,800</u>
TOTAL	\$ 670,000

Financing:

RUS Loan	\$ 200,000
RUS Grant	300,000
ARC Grant	<u>170,000</u>
TOTAL	\$ 670,000

25. Commitment of Other Project Funds:

This Letter of Conditions is issued contingent upon a firm commitment being in effect prior to advertising for construction bids for the ARC grant in the amount of \$170,000.

26. Use of Remaining Project Funds:

After providing for all authorized costs, any remaining project funds will be considered to be RUS/ARC grant funds and refunded in proportion to participation in the project. If the amount of unused project funds exceeds the grant(s), that part would be RUS loan funds.

27. Proposed Operating Budget:

You will be required to submit to Rural Development a copy of your proposed annual operating budget that supports the proposed loan repayment prior to this agency giving you written authorization to proceed with the bidding phase. The operating budget should be based on a typical year cash flow, subject to completion of this project in the first full year of operation. Form RD 442-7, "Operating Budget," or similar form may be utilized for this purpose.

28. Rates and Charges:

Rates and charges for facilities and services rendered by the District must be at least adequate to meet cost of maintaining, repairing and operating the water system and

meeting required principal and interest payments and the required deposits to debt service and/or depreciation reserve.

Water rates will be at least:

5/8" X 3/4" Meter:

First	1,000	gallons @ \$	19.32 - Minimum Bill.
Next	4,000	gallons @ \$	11.98 - per 1,000 gallons.
Next	5,000	gallons @ \$	10.33 - per 1,000 gallons.
Next	10,000	gallons @ \$	8.89 - per 1,000 gallons.
Next	20,000	gallons @ \$	6.27 - per 1,000 gallons.
All Over	40,000	gallons @ \$	4.96 - per 1,000 gallons.

3/4" Meter:

First	5,000	gallons @ \$	67.24 - Minimum Bill.
Next	5,000	gallons @ \$	10.33 - per 1,000 gallons.
Next	10,000	gallons @ \$	8.89 - per 1,000 gallons.
Next	20,000	gallons @ \$	6.27 - per 1,000 gallons.
All Over	40,000	gallons @ \$	4.96 - per 1,000 gallons.

1" Meter:

First	10,000	gallons @ \$	118.89 - Minimum Bill.
Next	10,000	gallons @ \$	8.89 - per 1,000 gallons.
Next	20,000	gallons @ \$	6.27 - per 1,000 gallons.
All Over	40,000	gallons @ \$	4.96 - per 1,000 gallons.

1-1/2" Meter:

First	30,000	gallons @ \$	270.49 - Minimum Bill.
Next	10,000	gallons @ \$	6.27 - per 1,000 gallons.
All Over	40,000	gallons @ \$	4.96 - per 1,000 gallons.

2" Meter:

First	50,000	gallons @ \$	382.79 - Minimum Bill.
All Over	50,000	gallons @ \$	4.96 - per 1,000 gallons.

3" Meter:

First	100,000	gallons @ \$	630.79 - Minimum Bill.
All Over	100,000	gallons @ \$	4.96 - per 1,000 gallons.

4" Meter:

First	200,000	gallons @ \$	1,126.79 - Minimum Bill.
All Over	200,000	gallons @ \$	4.96 - per 1,000 gallons.

6" Meter:

First 500,000 gallons @ \$ 2,614.79. - Minimum Bill.
All Over 500,000 gallons @ \$ 4.96 - per 1,000 gallons.

The Water District will charge rates to its wholesale customers according to their existing and/or amended water purchase contracts.

29. Compliance with the Bioterrorism Act:

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

30. Floodplain Construction:

The District will be required to pass and adopt a Resolution or amend its By-Laws whereby the District will deny any water service to any future customer wishing to build on or develop property located within a designated floodplain. If a customer or developer requests service for construction in a designated floodplain, the customer or developer must provide evidence and a Justification for approval by the District and Rural Development officials that there are no other alternatives to construction or development within the designated floodplain. The community must be a participant in the National Flood Insurance Program (NFIP) and the customer or developer must obtain the required permits prior to the tap on restrictions being waived.

31. Water Withdrawal Permit:

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

32. Mitigation Measures:

- A. The project shall be in compliance with all requirements noted in the Governor's Office for Local Development letter dated January 29, 2014, from Ms. Lee Nalley.
- B. The line design and construction shall be accomplished in a way that will leave flood plains and farmland without effect after construction is complete. The Army Corps of Engineers Nationwide Permit No. 12 applies to all floodplain and wetland utility line construction.
- C. Any excavation by Contractor that uncovers a historical or archaeological artifact shall be immediately reported to Owner and a representative of Agency. Construction shall be temporarily halted pending the notification process and further directions issued by Agency after consultation with the State Historic Preservation Officer (SHPO).
- D. The design and construction shall be in compliance with all local, state and federal environmental statutes, regulations and executive orders applicable to the project.

- E. Best Management Practices shall be incorporated into the project design, construction, and maintenance.

33. Final Approval Conditions:

Final approval of this assistance will depend on your willingness, with the assistance of all your co-workers, to meet the conditions of this letter in an orderly and systematic manner. Then too, final approval will depend on funds being available.

If you desire to proceed with your application, the Area Director will allot a reasonable portion of time to provide guidance in application processing.

Sincerely,



THOMAS G. FERN
State Director

Enclosures

cc: Area Director - Morehead, Kentucky
FIVCO ADD - Grayson, Kentucky
Rubin & Hays - Louisville, Kentucky
Deloris Baker - Maysville, Kentucky
Sisler and Maggard - Lexington, Kentucky
PSC - ATTN: Jeff Derouen - Frankfort, Kentucky

cp:dunn:ar





United States Department of Agriculture

Rural Development

January 30, 2015

Kentucky State Office

771 Corporate Drive,
Suite 200
Lexington, KY
40503

**SUBJECT: Rattlesnake Ridge Water District
Waterline Improvements- Phase X
Contract Award Concurrence**

Voice 859.224.7300
Fax 859.224.7425
TTY 859.224.7422

**TO: Area Office
Morehead, Kentucky**

Based on the bids received and the recommendation of the consulting engineer, Rural Development concurs in the award of subject contract to the low bidder, Phoenix Fabricators, in the amount of \$575,793.00, with a negotiated contract price of \$539,000.00 to bring it within available project funds.

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


bn THOMAS G. FERN
State Director
Rural Development

cc: Sisler-Maggard Engineering
Lexington, Kentucky

Randy Jones
Louisville, Kentucky

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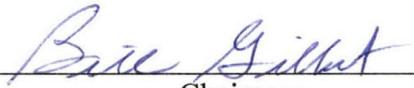
**CERTIFICATE OF CHAIRMAN OF RATTLESNAKE RIDGE WATER DISTRICT,
AS TO STATEMENT REQUIRED BY SECTION 2(6) OF 807 KAR 5:069**

I, the undersigned, hereby certify that I am the duly qualified and acting Chairman of the Rattlesnake Ridge Water District, and that said District is in the process of arranging to finance the construction of improvements to the water system (the "Project"), in cooperation with Sisler-Maggard Engineering, PLLC, Lexington, Kentucky, the Engineers for the District (the "Engineers").

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

1. That the proposed plans and specifications for the Project have been designed to meet the minimum construction and operating requirements set out in 807 KAR 5:066 Section 4(3) and (4); Section 5(1); Sections 6 and 7; Section 8(1) through (3); Section 9(1) and Section 10.
2. That all other state approvals and/or permits have been obtained.
3. That the rates proposed by the District in its current Application filed with the Kentucky Public Service Commission are contemplated to produce total revenue requirements recommended in the Engineering Reports prepared by such Engineers and filed with the Public Service Commission.
4. That it is now contemplated that construction of the Project will begin on or about March 1, 2015, and will end on or about September 1, 2015.

IN TESTIMONY WHEREOF, witness my signature this January 23, 2015.



Chairman
Rattlesnake Ridge Water District

STATE OF KENTUCKY)
) SS
COUNTY OF CARTER)

Subscribed and sworn to before me by Bill Gilbert, Chairman of the Board of Commissioners of the Rattlesnake Ridge Water District, on this January 23, 2015.



Notary Public
In and For Said State and County

NOTICE OF PROPOSED RATE CHANGE

In accordance with the requirements of the Kentucky Public Service Commission ("PSC") as set out in 807 KAR 5:069, Section 3, notice is hereby given to the customers of the Rattlesnake Ridge Water District (the "District") of a change in water rates for users of the District's water system. The changes in water rates are required by the U.S. Department of Agriculture, acting through Rural Development ("RD") in connection with a loan by RD to the District in the amount of \$200,000 to be evidenced by the issuance by the District of its water system revenue bonds in such amount, which RD has agreed to purchase provided the District meets certain conditions of RD, including revising the water rates as set forth below:

Current Monthly Rates

<u>5/8 x 3/4 inch Meters</u>		<u>Monthly Rate</u>
First	1,000 gallons	\$19.32 minimum bill
Next	4,000 gallons	11.84 per 1,000 gallons
Next	5,000 gallons	10.19 per 1,000 gallons
Next	10,000 gallons	8.75 per 1,000 gallons
Next	20,000 gallons	6.13 per 1,000 gallons
Over	40,000 gallons	4.82 per 1,000 gallons

<u>3/4 inch Meters</u>		<u>Monthly Rate</u>
First	5,000 gallons	\$66.69 minimum bill
Next	5,000 gallons	10.19 per 1,000 gallons
Next	10,000 gallons	8.75 per 1,000 gallons
Next	20,000 gallons	6.13 per 1,000 gallons
Over	40,000 gallons	4.82 per 1,000 gallons

<u>1 inch Meters</u>		<u>Monthly Rate</u>
First	10,000 gallons	\$117.65 minimum bill
Next	10,000 gallons	8.75 per 1,000 gallons
Next	20,000 gallons	6.13 per 1,000 gallons
Over	40,000 gallons	4.82 per 1,000 gallons

<u>1-1/2 inch Meters</u>		<u>Monthly Rate</u>
First	30,000 gallons	\$266.39 minimum bill
Next	10,000 gallons	6.13 per 1,000 gallons
Over	40,000 gallons	4.82 per 1,000 gallons

<u>2 inch Meters</u>		<u>Monthly Rate</u>
First	50,000 gallons	\$375.91 minimum bill
Over	50,000 gallons	4.82 per 1,000 gallons

<u>3 inch Meters</u>		<u>Monthly Rate</u>
First	100,000 gallons	\$617.14 minimum bill
Over	100,000 gallons	4.82 per 1,000 gallons

<u>4 inch Meters</u>		<u>Monthly Rate</u>
First	200,000 gallons	\$1,099.14 minimum bill
Over	200,000 gallons	4.82 per 1,000 gallons

<u>6 inch Meters</u>		<u>Monthly Rate</u>
First	500,000 gallons	\$2,546.98 minimum bill
Over	500,000 gallons	4.82 per 1,000 gallons

Proposed Monthly Water Rates

<u>5/8 x 3/4 inch Meters</u>		<u>New Monthly Rate</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
First	1,000 gallons	\$19.32 minimum bill	\$0.00	0.00%
Next	4,000 gallons	11.98 per 1,000 gallons	0.14	1.18
Next	5,000 gallons	10.33 per 1,000 gallons	0.14	1.37
Next	10,000 gallons	8.89 per 1,000 gallons	0.14	1.60
Next	20,000 gallons	6.27 per 1,000 gallons	0.14	2.28
Over	40,000 gallons	4.96 per 1,000 gallons	0.14	2.90

<u>3/4 inch Meters</u>		<u>New Monthly Rate</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
First	5,000 gallons	\$67.24 minimum bill	\$0.55	0.82%
Next	5,000 gallons	10.33 per 1,000 gallons	0.14	1.37
Next	10,000 gallons	8.89 per 1,000 gallons	0.14	1.60
Next	20,000 gallons	6.27 per 1,000 gallons	0.14	2.28
Over	40,000 gallons	4.96 per 1,000 gallons	0.14	2.90

The amount of average usage for all customers in the calendar year 2014 was 4,414 gallons per month thus generating an average monthly billing based on current rates of \$49.54. The proposed monthly rates will increase the average monthly billing to \$50.74 for an impact of \$1.20 or 2.43%.

The Application for approval of the rate change has been filed with the PSC and may be examined during normal business hours at the following locations: (i) Rattlesnake Ridge Water District office, 3563 State Highway 1661, Grayson, Kentucky; (ii) PSC, 211 Sower Boulevard, Frankfort, Kentucky, Monday through Friday, 8:00 a.m. to 4:30 p.m., E.T.; and (iii) via the PSC website at <http://psc.ky.gov>. Comments regarding the Application may be submitted to the PSC via its website or by mail to PSC, P.O. Box 615, Frankfort, Kentucky 40602.

The proposed rates are required under the terms of an agreement between the District and RD and KRS 278.023 does not grant the PSC any discretionary authority to modify or reject any portion of the agreement between the District and RD, or to defer the issuance of all necessary orders to implement the terms of the agreement.

The RD loan proceeds will be used in conjunction with a \$300,000 RD grant and a \$170,000 Appalachian Regional Commission grant to finance the cost of the replacement of the McConnell Branch water standpipe with a 100,000 gallon elevated water storage tank and appurtenances. Signed, Bill Gilbert, Chairman, Rattlesnake Ridge Water District.

<u>1 inch Meters</u>		<u>New Monthly Rate</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
First	10,000 gallons	\$118.89 minimum bill	\$1.24	1.05 %
Next	10,000 gallons	8.89 per 1,000 gallons	0.14	1.60
Next	20,000 gallons	6.27 per 1,000 gallons	0.14	2.28
Over	40,000 gallons	4.96 per 1,000 gallons	0.14	2.90

<u>1-1/2 inch Meters</u>		<u>New Monthly Rate</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
First	30,000 gallons	\$270.49 minimum bill	\$4.10	1.54 %
Next	10,000 gallons	6.27 per 1,000 gallons	0.14	2.28
Over	40,000 gallons	4.96 per 1,000 gallons	0.14	2.90

<u>2 inch Meters</u>		<u>New Monthly Rate</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
First	50,000 gallons	\$382.79 minimum bill	\$6.88	1.83 %
Over	50,000 gallons	4.96 per 1,000 gallons	0.14	2.90

<u>3 inch Meters</u>		<u>New Monthly Rate</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
First	100,000 gallons	\$630.79 minimum bill	\$13.65	2.21 %
Over	100,000 gallons	4.96 per 1,000 gallons	0.14	2.90

<u>4 inch Meters</u>		<u>New Monthly Rate</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
First	200,000 gallons	\$1,126.79 minimum bill	\$27.65	2.52 %
Over	200,000 gallons	4.96 per 1,000 gallons	0.14	2.90

<u>6 inch Meters</u>		<u>New Monthly Rate</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
First	500,000 gallons	\$2,614.79 minimum bill	\$67.81	2.66 %
Over	500,000 gallons	4.96 per 1,000 gallons	0.14	2.90

The proposed monthly water rates shall be effective for water sold after the date of the final approving Order of the PSC, which Order is expected to be issued no later than 30 days of the filing of the Application.

Rattlesnake Ridge

Loan - RUS		TABLE DATA			
Loan amount:	\$200,000.00	Table starts at date: or at payment number: 1			
Ann. interest rate:	3.000%				
Term in years:	40				
Payments / year:	1				
First payment due:	1/1/2016				
		Payment:	\$8,652.48		
Plus 10% coverage	\$865.25	No.	Payment Date	Beginning Balance	Interest
Total annual debt service	\$9,517.72	1	1/1/2016	200,000.00	6,000.00
		2	1/1/2017	197,347.52	5,920.43
		3	1/1/2018	194,615.47	5,838.46
		4	1/1/2019	191,801.46	5,754.04
		5	1/1/2020	188,903.03	5,667.09
Use payment of:	\$8,652.48	Beginning balance at payment 1:		200,000.00	
1st payment in table: 1		Cumulative interest prior to payment 1:		0.00	

Table

No.	Payment Date	Beginning Balance	Interest	Principal	Ending Balance	Cumulative Interest
1	1/1/2016	200,000.00	6,000.00	2,652.48	197,347.52	6,000.00
2	1/1/2017	197,347.52	5,920.43	2,732.05	194,615.47	11,920.43
3	1/1/2018	194,615.47	5,838.46	2,814.01	191,801.46	17,758.89
4	1/1/2019	191,801.46	5,754.04	2,898.43	188,903.03	23,512.93
5	1/1/2020	188,903.03	5,667.09	2,985.38	185,917.65	29,180.02
6	1/1/2021	185,917.65	5,577.53	3,074.95	182,842.70	34,757.55
7	1/1/2022	182,842.70	5,485.28	3,167.19	179,675.51	40,242.84
8	1/1/2023	179,675.51	5,390.27	3,262.21	176,413.30	45,633.10
9	1/1/2024	176,413.30	5,292.40	3,360.08	173,053.22	50,925.50
10	1/1/2025	173,053.22	5,191.60	3,460.88	169,592.34	56,117.10
11	1/1/2026	169,592.34	5,087.77	3,564.71	166,027.63	61,204.87
12	1/1/2027	166,027.63	4,980.83	3,671.65	162,355.99	66,185.70
13	1/1/2028	162,355.99	4,870.68	3,781.80	158,574.19	71,056.37
14	1/1/2029	158,574.19	4,757.23	3,895.25	154,678.94	75,813.60
15	1/1/2030	154,678.94	4,640.37	4,012.11	150,666.84	80,453.97
16	1/1/2031	150,666.84	4,520.01	4,132.47	146,534.36	84,973.97
17	1/1/2032	146,534.36	4,396.03	4,256.44	142,277.92	89,370.00
18	1/1/2033	142,277.92	4,268.34	4,384.14	137,893.78	93,638.34
19	1/1/2034	137,893.78	4,136.81	4,515.66	133,378.12	97,775.16
20	1/1/2035	133,378.12	4,001.34	4,651.13	128,726.99	101,776.50
21	1/1/2036	128,726.99	3,861.81	4,790.67	123,936.32	105,638.31
22	1/1/2037	123,936.32	3,718.09	4,934.39	119,001.94	109,356.40
23	1/1/2038	119,001.94	3,570.06	5,082.42	113,919.52	112,926.46
24	1/1/2039	113,919.52	3,417.59	5,234.89	108,684.63	116,344.04
25	1/1/2040	108,684.63	3,260.54	5,391.94	103,292.69	119,604.58
26	1/1/2041	103,292.69	3,098.78	5,553.69	97,739.00	122,703.36
27	1/1/2042	97,739.00	2,932.17	5,720.31	92,018.69	125,635.53
28	1/1/2043	92,018.69	2,760.56	5,891.91	86,126.78	128,396.09
29	1/1/2044	86,126.78	2,583.80	6,068.67	80,058.10	130,979.90
30	1/1/2045	80,058.10	2,401.74	6,250.73	73,807.37	133,381.64
31	1/1/2046	73,807.37	2,214.22	6,438.25	67,369.12	135,595.86
32	1/1/2047	67,369.12	2,021.07	6,631.40	60,737.72	137,616.93
33	1/1/2048	60,737.72	1,822.13	6,830.34	53,907.37	139,439.07
34	1/1/2049	53,907.37	1,617.22	7,035.25	46,872.12	141,056.29
35	1/1/2050	46,872.12	1,406.16	7,246.31	39,625.80	142,462.45
36	1/1/2051	39,625.80	1,188.77	7,463.70	32,162.10	143,651.22
37	1/1/2052	32,162.10	964.86	7,687.61	24,474.49	144,616.09
38	1/1/2053	24,474.49	734.23	7,918.24	16,556.25	145,350.32

Final Engineering Report

Phase X

McConnell Branch Tank Replacement Rattlesnake Ridge Water District

Section – 7 Health & Sanitation Needs

The area of service of the McConnell Branch Tank Replacement is south central Carter County (southeast of Olive Hill) and the north central area of Elliott County.

The leaking and deteriorating tank had losses of water and down time which lowered the pressure and flow to the above areas.

The residents in these areas acquired water lines many years ago because of the health and sanitary needs. Their CONTAMINATED water supplies came from wells, cisterns, and surface water that were contaminated by failing septic tanks and direct stream discharge of sanitary sewage.

Although there are lines in existence, the lines must be fed by a properly operating gravity system of water tanks. In other words, no tank, **NO** water in lines. The water source then reverts to the previous conditions prior to the system being established, which is contaminated.

Low pressure and low flow in lines breeds further contamination by not keeping chlorine disinfection in place and effective.

Final Engineering Report

Phase X

McConnell Branch Tank Replacement

Rattlesnake Ridge Water District

Section – 8 Conclusions & Recommendations

Based on studies, findings and conclusions and in accordance with other pertinent information contained in this report, it is recommended that the Rattlesnake Ridge Water District take the following steps:

- A) Review this report, then direct the Engineer, upon notification of RUS - RD, to immediately complete necessary documentation to RUS - RD for further processing for Loan and Grant funds to construct the Water tank replacement and improvements outlined in this Report.
- B) Direct the Engineer to complete all necessary contract documents to receive approvals and permission to begin construction of this project.
- C) Upon favorable review of RUS - RD and ARC make necessary applications, through local and bond counsel, to the Kentucky Public Service Commission for a Certificate of Need and Necessity.

Appendix

- 1) Phoenix Fabricators, Inc December 22, 2014 email Offer of Negotiation
- 2) Sisler-Maggard Engineering letter of January 13, 2015 to Phoenix Fabricators, Inc. for negotiation
- 3) Phoenix Fabricators, Inc. letter of January 13, 2015 accepting negotiation
- 4) Rattlesnake Ridge Water District acceptance of negotiation

Mike Maggard

From: "Casey Cornett" <Casey.Cornett@phoenixtank.com>
To: <mike@sislermaggard.com>
Sent: Monday, December 22, 2014 1:31 PM
Subject: Rattlesnake Ridge Water District - Contract I-1 100,000 Gallon Elevated Water Tank

Mike,

After reviewing the project for some possible value engineering items please see a the following cost saving suggestions for the project.

1. Phoenix to provide our standard ladder access to balcony in lieu of specified access through balcony floor by Sisler-Maggard Engineering, deduct **\$2,000**.
2. Eliminate safety cage requirement, deduct **\$2,500**. ^{cable} The will tower includes a OSHA approved safety cable climb system and the two systems together don't not work well. OSHA only requires one type of safety climb system.
- ✓ 3. Eliminate the level indicator or target gauge, deduct **\$1,500**.
- ✓ 4. Phoenix provide the construction access road only and owner provide final finished access road, deduct **\$8,600**.
5. Eliminate demolition of existing foundation, piping, valve's and vault, deduct **\$6,900**. This will include demolition of existing tank only.

Casey Cornett

Regional Sales Manager

317-271-7002 ext. 2241

317-273-1154 FAX

Phoenix Fabricators and Erectors, Inc.

182 South County Road 900 East

Avon, IN 46123-8973

Email: casey.cornett@phoenixtank.com





182 SOUTH COUNTY ROAD 900 EAST • AVON, IN 46123-8973

January 13, 2015

Rattlesnake Ridge Water District
3563 State Highway 1661
Grayson, KY 41143

&

Sisler – Maggard Engineering, PLLC
220 East Reynolds Road, Suite A3
Lexington, KY 40517

RE: Contract No. I-1 – 100,000 Gallon Elevated Water Tank SME# 13020

Dear Rattlesnake Ridge Water District,

Phoenix Fabricators and Erectors, Inc. accept the new contract award amount of \$539,000 for our negotiated offerings per letter by Sisler-Maggard Engineering, PLLC dated January 13, 2015.

We hope these offerings help towards making this project move forward and anticipate a very successful project.

Sincerely,

Casey Cornett
Regional Sales Manager
Phoenix Fabricators and Erectors, Inc.



SISLER-MAGGARD ENGINEERING, PLLC

220 EAST REYNOLDS ROAD, SUITE A3

LEXINGTON, KY 40517

(859) 271-2978

Fax (859) 271-5670

Email: sme@sislermaggard.com

January 13, 2015

Phoenix Fabricators and Erectors, Inc.
182 South County Road 900 East
Avon, IN. 46123-8973
Attn: Casey Cornett, Regional Sales Manager

Re: Contract No. I-1 – 100,000 Gallon Elevated Water Tank
SME # 13020

Dear Sir:

Pursuant to our letter of January 7, 2015 and our discussions of January 9 and January 12, we offer the following response subject to confirmation of the RRWD Board of Directors:

In order to get the project closer to budget, the District accepts your negotiated offerings as follows:

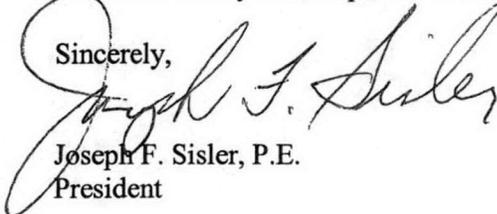
1) General bid deduction (per 1/12/15 discussion) =	\$26,693.00
2) Per email of 12/22/14	
a. Eliminate the water level indicator =	\$ 1,500.00
b. Phoenix will provide construction access road only and Owner will provide final finished access road =	<u>\$ 8,600.00</u>
Total Deducts =	\$36,793.00

Therefore contract award would be \$575,793 - \$36,793 = \$539,000

I am forwarding this offer to the Board for their acceptance which I hope to get this week.

Please forward your acceptance as soon as possible.

Sincerely,



Joseph F. Sisler, P.E.
President

JFS/jm

cc: RRWD

Rattlesnake Ridge Water District

Serving Areas of Carter, Elliott, Lawrence and Morgan Counties

P.O. Box 475, Grayson, Kentucky 41143-0475

Phone (606) 474-7570, Fax (606) 474-8531

E-Mail: rrwd@windstream.net

Jan.19, 2014

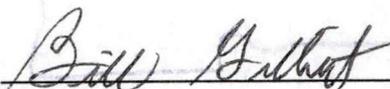
Phoenix Fabricators and Erectors, Inc.
182 South County Road 900 East
Avon, IN 46123-8973

RE: Contract No. I-1-100,000 Gallon Elevated Water Tank SME# 13020

Dear Phoenix Fabricators and Erectors, Inc.

Rattlesnake Ridge Water District wishes to accept your revised bid dated Jan. 13, 2014. Thank you for helping make this project get closer to our budget.

Sincerely,



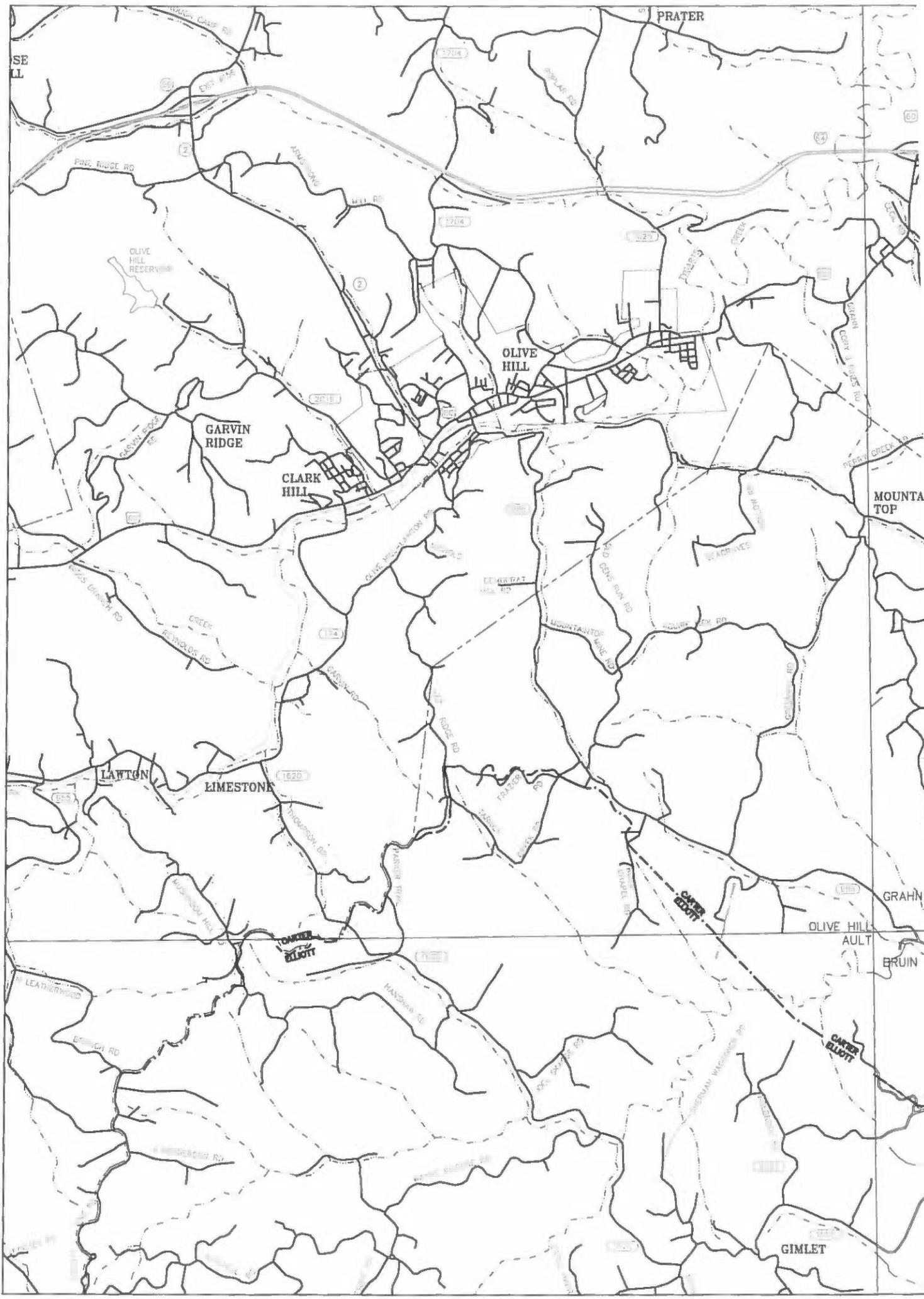
Bill Gilbert

Chairman, Rattlesnake Ridge Water District

"This institution is an equal opportunity provider"

*"Hard of Hearing, Speech impaired, or Deaf users, call the Kentucky Relay Service at (800) 648-6056.
Give the Communications Assistant our phone number to contact us."*

M_{aps}





6"

3268

CONTRACT E

6"

HAL BLEDSOE
PROPERTY

MCCONNELL BRANCH ROAD

E)
CON

CO

BID TABULATION									
RATTLESNAKE RIDGE WATER DISTRICT									
WATER SYSTEM IMPROVEMENTS - PHASE X - CONTRACT I-1 100,000 GALLON ELEVATED WATER TANK									
BID OPENING 12/10/14 AT 1:00 PM									
					PHOENIX FABRICATORS & ERECTORS, INC. AVON, IN		CALDWELL TANKS, INC LOUISVILLE, KY		
ITEM NO.	ITEM DESCRIPTION	UNIT QUANTITY		UNIT COST	TOTAL COST	UNIT COST	TOTAL COST	UNIT COST	TOTAL COST
1	100,000 Gallon Elevated Tank - Complete	1	EA	\$ 473,000.00	\$ 473,000.00	\$536,093.00	\$ 536,093.00	\$ 546,000.00	\$ 546,000.00
2	Fencing at Tank	1	EA	\$ 4,000.00	\$ 4,000.00	\$8,500.00	\$ 8,500.00	\$ 8,000.00	\$ 8,000.00
3	Access Road	1	EA	\$ 8,000.00	\$ 8,000.00	\$17,200.00	\$ 17,200.00	\$ 6,000.00	\$ 6,000.00
4	Existing Tank Demolition	1	EA	\$ 15,000.00	\$ 15,000.00	\$14,000.00	\$ 14,000.00	\$ 16,000.00	\$ 16,000.00
TOTAL ESTIMATED CONSTRUCTION COSTS (Items 1-4)					\$ 500,000.00		\$ 575,793.00		\$ 576,000.00

Certification: Sisler-Maggard Engineering, PLLC

We hereby certify that the above bid tabulations accurately represent the bids as shown, except for noted corrections, and the bids were promptly opened

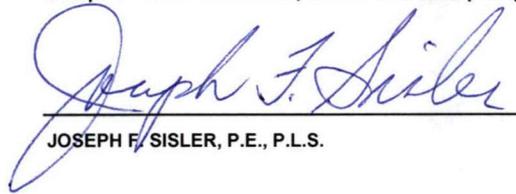

 JOSEPH F. SISLER, P.E., P.L.S.

* Note: Bidder's total showed \$702,062.00 and should be \$702,061.00

BID TABULATION									
RATTLESNAKE RIDGE WATER DISTRICT									
WATER SYSTEM IMPROVEMENTS - PHASE X - CONTRACT I-1 100,000 GALLON ELEVATED WATER TANK									
BID OPENING 12/10/14 AT 1:00 PM									
ITEM NO.	ITEM DESCRIPTION	UNIT QUANTITY		UNIT COST	TOTAL COST	PHOENIX FABRICATORS & ERECTORS, INC. AVON, IN		CALDWELL TANKS, INC LOUISVILLE, KY	
						UNIT COST	TOTAL COST	UNIT COST	TOTAL COST
1	100,000 Gallon Elevated Tank - Complete	1	EA	\$ 473,000.00	\$ 473,000.00	\$536,093.00	\$ 536,093.00	\$ 546,000.00	\$ 546,000.00
2	Fencing at Tank	1	EA	\$ 4,000.00	\$ 4,000.00	\$8,500.00	\$ 8,500.00	\$ 8,000.00	\$ 8,000.00
3	Access Road	1	EA	\$ 8,000.00	\$ 8,000.00	\$17,200.00	\$ 17,200.00	\$ 6,000.00	\$ 6,000.00
4	Existing Tank Demolition	1	EA	\$ 15,000.00	\$ 15,000.00	\$14,000.00	\$ 14,000.00	\$ 16,000.00	\$ 16,000.00
TOTAL ESTIMATED CONSTRUCTION COSTS (Items 1-4)					\$ 500,000.00		\$ 575,793.00		\$ 576,000.00

Certification: Sisler-Maggard Engineering, PLLC

We hereby certify that the above bid tabulations accurately represent the bids as shown, except for noted corrections, and the bids were promptly opened.



JOSEPH F. SISLER, P.E., P.L.S.

* Note: Bidder's total showed \$702,062.00 and should be \$702,061.00

FINAL ENGINEERING REPORT

FOR

PHASE X

**WATER TANK REPLACEMENT
McCONNELL BRANCH**

(Carter and Elliott Counties)

**RATTLESNAKE RIDGE WATER DISTRICT
CARTER COUNTY, KENTUCKY**

RECEIVED

FEB 3 2015

PUBLIC SERVICE
COMMISSION



A handwritten signature in cursive script that reads "J. F. Sisler".

January 13, 2015

SME PROJECT CODE: 13020

**SISLER-MAGGARD ENGINEERING, PLLC
220 EAST REYNOLDS ROAD, SUITE A3
LEXINGTON, KY 40517**

(859) 271-2978

Fax (859) 271-5670

Email: sme@sislermaggard.com



FINAL ENGINEERING REPORT

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Final Engineering Report

Phase X McConnell Branch Tank Replacement Rattlesnake Ridge Water District

Executive Summary

Findings

The first phase of Rattlesnake Ridge Water District service areas first began receiving water in October 1985. Some of the final areas of Phase I to receive service came out of project contingency funds which had been set aside until all original bid project lines had been laid.

However, not all of the requested waterline extensions from customer petitions could be made with original project contingency funds, and the District realized that service to these areas would have to be made on future projects. A Phase II extension project was completed in January of 1990 which included approximately 12 miles of new line and construction of a new 80,000 gallon storage tank with service to about 120 new customers.

The base distribution system was in place and the District began Phase III in May 1992 to further expand water service to other feasible areas, which could not be constructed previously. These Phase III areas under consideration, as well as other areas had been petitioning the District for service since the end of 1985 when the initial system went into operation. The initial portions of Phase III went into service in late 1992 with some subsequent areas completed with contingency funds in mid-1993. Phase III completion had a total of 1130 customers. Phase IV Construction began in October 1994 and was completed in October 1995. Upon Phase IV completion, the District had a total of 1500 customers. Phase V construction began in November 1995 and was completed in January 1997. When Phase V was completed, the District had a total of 1735 customers. Finally, with an average annual growth of 4.28% from 1996 to 2001 the District had 2245 customers as of March 2001. Phase VIB was completed at the end of 2001. The phase VIB project added approximately 530 new customers for a total of 2775 customers.

The same reasons that necessitated the need for water service to the original areas still existed in the areas that continue petitioning for water service. The water problems in Carter, Elliot and Lawrence Counties have been generally well known for a number of years, and have continuously been brought to the attention of the Rattlesnake Ridge Board as residents within these areas have been unsuccessful in obtaining water service from any other public source. All these areas are known for their low ground water levels and the continuous ground water quality deterioration. Many residents rely on cisterns as their sole source of water, which requires having water hauled to their homes during the drier summer months when rainwater collected from roofs is inadequate. **Major health and sanitary problems with this source of water supply include problems such as bird droppings on rooftops used to collect rainwater and infiltration of contaminated ground water into leaky cistern tanks. The areas that are served with drilled wells have problems of quantity and quality because the ground water has chemical contaminants as well as fecal contaminants caused by inoperable septic tanks and drain fields.**

The existing water purchase contract with the City of Grayson was found to be inadequate and uneconomical when the Phase VIB areas were served and when Phase VII expansions and system improvements were implemented. Therefore, it was necessary for the Rattlesnake Ridge Water District to seek funding for its own water treatment plant to provide supply to its existing customers, the new prison, as well as any additional customers in the area, that are not able to receive service due to the lack of supply **and quality** currently available to RRWD, by the City of Grayson. The water treatment plant was completed in fall 2001, to serve Phase VIB and Phase VII project.

A review of the most recent Income Statement prepared by the District's accountant for the 12 months ending December 31, 2013 reveals that the District was operating at an approximate net income of \$9,529 (excluding depreciation). The information contained in this audited 12-month statement of income, forms the basis of information included in the financial section of this report. (See Appendix C.)

The results of the projection of annual income and expenses for the five year period following the Phase X construction reveals the District will end each year with a positive net income. This indicates that the Phase X proposed expansion project would not adversely affect the District's financial condition.

Recommendations

Based on studies, findings and conclusions and in accordance with other pertinent information contained in this report, it is recommended that the Rattlesnake Ridge Water District take the following steps:

- A) Review this report, then direct the Engineer, upon notification of RUS - RD to immediately complete necessary documentation to RUS - RD for further processing for Loan and Grant funds to construct McConnell Branch Tank Replacement outlined in this Report.

- B) Upon favorable review of RUS and ARC make necessary petitions and applications, through local and bond counsel, to the Kentucky Public Service Commission for a Certificate of Need and Necessity.

Final Engineering Report

Phase X

McConnell Branch Tank Replacement

Rattlesnake Ridge Water District

Section 1 - General

Purpose

The purpose of this Phase X project is to develop a plan that will replace the 29 year old deteriorated and leaking McConnell Branch stand pipe water tank. This tank is critical to serving the western edge of the District in Carter County near south side of Olive Hill and the northeastern edge of Elliott County. This tank is also part of backup service to SR 504 and the State Prison.

Final Engineering Report

Phase X

McConnell Branch Tank Replacement Rattlesnake Ridge Water District

Section 2 – Planning Areas

Carter County (the home county) is located in Northeastern Kentucky bordered to the north by Lewis and Greenup. Rowan County to the West, Boyd County to the East, and Morgan and Lawrence Counties to the South. Grayson is the county seat for Carter County.

Carter County is separated by Interstate 64 and U.S. 60 which follows an East-to-West direction across the county and Kentucky Routes 1 and 7 which runs North-to-South on the eastern end of the County.

Household Income

The 2010 Census of Population and Housing shows the median household income for Carter County (Grahm census tract), to be \$27,791; and for Elliott County it is \$22,097. Therefore, both county areas fall below the State's median household income level of \$40,418. Therefore, the project areas in the District have a weighted MHI average of \$23,739.41. This is below 80% of statewide non-metropolitan MHI and therefore should qualify the project for the loan poverty interest rate of 2.25 % on RUS Loan funds for this project.

These calculations would indicate the District qualifies for “poverty” interest rate of 2.25%. The USDA –RUS-RD representing indicate that the District does NOT meet the Health and Sanitary needs standards and therefore only qualify for 3.00% intermediate interest rate.

Service Areas

Land uses include forest products, minimum coal mining, and agricultural.

The development of the public water system for the Rattlesnake Ridge Water District has encouraged some economic development in the other service areas, especially in the area around Grayson Lake State Park. This is not expected, however, to significantly alter the predominately rural, residential nature of the proposed service areas.

Future development and growth is expected in the service areas and along all major Kentucky State and U.S. highways and served county roads.

Description of Existing Service Area Boundary

The existing Rattlesnake Ridge Water District (R.R.W.D.) service area boundaries include two separated areas both north and south of I-64. A map of the existing Rattlesnake Ridge Water District Service Area Boundary is retained by the District for reference. The District boundary is also shown on map at the end of this report.

The service areas of the Rattlesnake Ridge Water District for this water tank all portions of Carter and Elliott Counties.

Final Engineering Report

Phase X

McConnell Branch Tank Replacement

Rattlesnake Ridge Water District

Section – 3 Existing Facilities

The existing sources of water for non-served residents of the Rattlesnake Ridge Water District include individually dug or drilled wells, cisterns, or pond water, usually with no type of treatment provided.

The usable groundwater in the District is generally contaminated with minerals such as sulfur, iron, or chlorides, which cause problems with hardness, taste, odor, and color. Since the area is not served by sewers, there is also great concern about the introduction of fecal coliforms into the groundwater supply.

Rattlesnake Ridge Water District System Source of Water Supply

The source of water supply for the District has now become a 2.4-mgd Water Treatment Plant (WTP) located on Grayson Lake off Horton Flats Road near Bruin. This source of water will meet or exceed all regulations or guidelines relating to potable water imposed by the Kentucky Division of Water.

Storage Tank

A tank is located at the intersection of Mayhew Flats and Edison Road. This tank will be filled from the District's new Water Treatment Plant.

The existing 97,000 gallon standpipe tank is located on McConnell Branch Road and is filled by a 250 gpm pump station on SR 986, which receives its supply from the Mayhew Flats Tank and the Water Treatment Plant. This tank has had major leaks for years and after 29 years the District has decided to replace with elevated tank.

Therefore, total storage upon completion of Phase X will be 2,046,000 gallons.

Final Engineering Report

Phase X

McConnell Branch Tank Replacement Rattlesnake Ridge Water District

Section 4 – Need For Project

Design Criteria and Approvals

The new water tank will be designed in accordance with Kentucky Natural Resources and Environmental Protection Cabinet, Division of Water, (State Standards) and **Rural Utilities Service – Rural Development**, and Kentucky Public Service Commission guidelines.

Design drawings will be submitted for approval to the Division of Water and **Rural Utilities Service – Rural Development**. The Preliminary and Final Engineering Reports will be filed with the application for a Certificate of Convenience and Necessity from the Kentucky Public Service Commission. The minimum pressure at all customer meter connections will be 30 psi.

Land and Rights-of-Way

It is anticipated that there will be a requirement for additional fee simple land acquisition from the same landowner of the existing tank for the adjacent water storage tank @ McConnell Branch. This new tank will be constructed adjacent to existing tank at McConnell Branch.

Source of Water Supply

The source of water supply to the District will be RRWD's new 2.4 mgd water treatment plant located near Bruin on Grayson Lake.

Total Water Storage

The District upon completion of Phase X, will have over 2,000,000 gallons of storage to serve 4,200 customers as set out hereinbefore.

The RUS-RD, Division of Water and PSC require one (1) day storage based on average daily consumption. The average daily consumption in the Rattlesnake Ridge Water District is 129 gallons per day per customer. Therefore, the existing required storage of $(4,100 \times 129 \text{ GPD} + 200,000 \text{ GPD for the prison} + 350,000 \text{ GPD (Parks)} + 200,000 \text{ GPD (Olive Hill)} + 50,000 \text{ GPD (Sandy Hook)}) = 1,328,900 \text{ GPD}$. The District exceeds the requirements and in fact has 1.5 days storage.

Final Engineering Report

Phase X

McConnell Branch Tank Replacement Rattlesnake Ridge Water District

Section 5 – Proposals Considered

Due to the increased growth in the area and the potential to serve Olive Hill and Sandy Hook with potable water, the District needed to expand its current water treatment plant in their Phase VIII. The surrounding communities have had problems in the recent past with source capacity, therefore the District decided to expand its own plant in Phase VIII in 2012.

This project for the replacement of the McConnell Branch Tank has been considered for several years. The existing standpipe tank is 29 years old and has deteriorated over time. The District has employed tank repairmen and painters to seal the many leaks unsuccessfully. The water loss and loss of service to customers ultimately made the decision to replace the tank. It was decided to go with an elevated tank because it assures that all water is available for use to maintain flow and pressure. A standpipe (under normal operating conditions) uses only the top 1/3 of tank.

Construction Problems

The proposed project as presented does not anticipate any significant construction problems. The new tank will be adjacent to existing tank and therefore geology and environmental concerns should be minor. No significant problems are anticipated to occur on the project involving construction or operational problems.

Hydraulic Computations

A simple hydraulic check has been made to assure that the areas of service can be served by an elevated tank that is replacing a standpipe.

In fact an elevated tank provides MORE usable water than a standpipe.

Final Engineering Report

Phase X

McConnell Branch Tank Replacement Rattlesnake Ridge Water District

Section – 6 Financials

This project includes additional debt service due to the additional project loan. The proposed loan amount is \$200,000. The Amortization Schedule is located at the end of this section. The terms of the loan will be 40 years at 3.00%. Therefore, the additional annual debt service will be \$8,652.48 plus 10% debt service coverage of \$865.25 which equals \$9,517.22.

The District currently has approximately 4,040 existing customers. Therefore, the rate increase will be $\$9,517.72/4,040$ customers equals $\$2.36/\text{year} = \$0.20/\text{customer}/\text{month}$. The District will need an additional \$0.20 for additional coverage of inflation, maintenance and operations. Therefore, the proposed average bill will increased an additional \$0.40.

Therefore, the cost of 4000 gallons of water will increase from \$54.84 to \$55.26. The proposed rate increase will be approximately one percent.

Phase X
Rattlesnake Ridge Water District
McConnell Branch Tank Replacement

AS – BID PROJECT COST

Item #	Item Description	Unit Quantity		Unit Cost	Total Cost
1	100,000 Gallon Elevated Tank w/ Foundation & Painting (118' O.F.)	1	EA	*\$ 507,900	\$ 507,900
2	Fencing at Tank	1	EA	\$ 8,500	\$ 8,500
3	Access Road	1	EA	*\$ 8,600	\$ 8,600
4	Existing Tank Demolition	1	EA	\$ 14,000	\$ 14,000
	Estimated Construction Costs			=	\$ 539,000
	Contingency (+/- 2.2%)			=	\$ 12,200
	Total Estimated Construction Cost			=	\$ 551,200
	Legal & Administration			=	\$ 9,000
	Interest During Construction			=	\$ 0
	Engineering Fees			=	\$ 109,800
	Preliminary Engineering = \$ 3,000				
	Basic (9.87%) = \$ 56,800				
	Resident Inspection (6.945%) = \$ 40,000				
	Additional (Permits, Deeds, Survey, Easements, etc.) = \$ 10,000				
	Total Estimated Project Cost				\$ 670,000

***As negotiated**

See negotiation documentation in Appendix.

PHASE X
RATTLESNAKE RIDGE WATER DISTRICT
McConnell Branch Tank Replacement

AS – BID PROJECT FUNDING

ARC	\$170,000.00
RD Grant	\$300,000.00
RD Loan	\$200,000.00
Total Project Funding	\$670,000.00

PHASE X
RATTLESNAKE RIDGE WATER DISTRICT
McConnell Branch Tank Replacement
(As of Feb. 7, 2014)

EXISTING RATE SCHEDULE

GALLONAGE BLOCKS FOR EACH METER SIZE	MONTHLY RATE FOR EACH METER EACH BLOCK
<u>5/8 X 3/4 inch Meter</u>	
First 1,000 gallons	\$ 19.32 (Minimum Bill)
Next 4,000 gallons	\$ 11.84 per 1,000 gallons
Next 5,000 gallons	\$ 10.19 per 1,000 gallons
Next 10,000 gallons	\$ 8.75 per 1,000 gallons
Next 20,000 gallons	\$ 6.13 per 1,000 gallons
Over 40,000 gallons	\$ 4.82 per 1,000 gallons
<u>3/4" Meter</u>	
First 5,000 gallons	\$ 66.69 Minimum bill
Next 5,000 gallons	\$ 10.19 per 1,000 gallons
Next 10,000 gallons	\$ 8.75 per 1,000 gallons
Next 20,000 gallons	\$ 6.13 per 1,000 gallons
All Over 40,000 gallons	\$ 4.82 per 1,000 gallons
<u>1" Meter</u>	
First 10,000 gallons	\$117.65 Minimum bill
Next 10,000 gallons	\$ 8.75 per 1,000 gallons
Next 20,000 gallons	\$ 6.13 per 1,000 gallons
All Over 40,000 gallons	\$ 4.82 per 1,000 gallons
<u>1 1/2" Meter</u>	
First 30,000 gallons	\$266.39 Minimum bill
Next 10,000 gallons	\$ 6.13 per 1,000 gallons
All Over 40,000 gallons	\$ 4.82 per 1,000 gallons
<u>2" Meter</u>	
First 50,000 gallons	\$375.91 Minimum bill
All Over 50,000 gallons	\$ 4.82 per 1,000 gallons
<u>3" Meter</u>	
First 100,000 gallons	\$617.14 Minimum bill
All Over 100,000 gallons	\$ 4.82 per 1,000 gallons
<u>4" Meter</u>	
First 200,000 gallons	\$1,099.14 Minimum bill
All Over 200,000 gallons	\$ 4.82 per 1,000 gallons
<u>6" Meter</u>	
First 500,000 gallons	\$2,546.98 Minimum bill
All Over 500,000 gallons	\$ 4.82 per 1,000 gallons

Wholesale Rates

Big Sandy Water District \$3.82 per 1,000 Gallons

City of Vanceburg \$3.82 per 1,000 Gallons

City of Olive Hill \$4.30 per 1,000 Gallons

Kentucky Department of Parks (Golf Course Only) \$4.63 per 1,000 Gallons

Sandy Hook Water District

First	50,000	Gallons	\$145.15 Minimum Bill
All Over	50,000	Gallons	2.90 per 1,000 Gallons

Connection Fees By PSC Tariff

5/8 inch x 3/4 inch	\$ 700.00
3/4 inch	\$ 800.00
1 inch	\$ 1,100.00
1 1/2 inch	\$ 1,250.00
2 inch	\$ 1,500.00
3 inch	\$ 2,100.00

PROPOSED RATE SCHEDULE**GALLONAGE BLOCKS FOR EACH
METER SIZE****MONTHLY RATE FOR EACH METER
EACH BLOCK****5/8 X 3/4 inch Meter**

First	1,000 gallons	\$ 19.32 (Minimum Bill)
Next	4,000 gallons	\$ 11.98 per 1,000 gallons
Next	5,000 gallons	\$ 10.33 per 1,000 gallons
Next	10,000 gallons	\$ 8.89 per 1,000 gallons
Next	20,000 gallons	\$ 6.27 per 1,000 gallons
Over	40,000 gallons	\$ 4.96 per 1,000 gallons

3/4" Meter

First	5,000 gallons	\$ 67.24 Minimum bill
Next	5,000 gallons	\$ 10.33 per 1,000 gallons
Next	10,000 gallons	\$ 8.89 per 1,000 gallons
Next	20,000 gallons	\$ 6.27 per 1,000 gallons
All Over	40,000 gallons	\$ 4.96 per 1,000 gallons

1" Meter

First	10,000 gallons	\$118.89 Minimum bill
Next	10,000 gallons	\$ 8.89 per 1,000 gallons
Next	20,000 gallons	\$ 6.27 per 1,000 gallons
All Over	40,000 gallons	\$ 4.96 per 1,000 gallons

1 1/2" Meter

First	30,000 gallons	\$270.49 Minimum bill
Next	10,000 gallons	\$ 6.27 per 1,000 gallons
All Over	40,000 gallons	\$ 4.96 per 1,000 gallons

2" Meter

First	50,000 gallons	\$382.79 Minimum bill
All Over	50,000 gallons	\$ 4.96 per 1,000 gallons

3" Meter

First	100,000 gallons	\$630.79 Minimum bill
All Over	100,000 gallons	\$ 4.96 per 1,000 gallons

4" Meter

First	200,000 gallons	\$1,126.79 Minimum bill
All Over	200,000 gallons	\$ 4.96 per 1,000 gallons

6" Meter

First	500,000 gallons	\$2,614.79 Minimum bill
All Over	500,000 gallons	\$ 4.96 per 1,000 gallons

Wholesale Rates

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PRELIMINARY ENGINEERING REPORT

FOR

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McCONNELL BRANCH

(Carter and Elliott Counties)

RATTLESNAKE RIDGE WATER DISTRICT
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Preliminary Engineering Report

Phase X

McConnell Branch Tank Replacement

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However, not all of the requested waterline extensions from customer petitions could be made with original project contingency funds, and the District realized that service to these areas would have to be made on future projects. A Phase II extension project was completed in January of 1990 which included approximately 12 miles of new line and construction of a new 80,000 gallon storage tank with service to about 120 new customers.

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Recommendations

Based on studies, findings and conclusions and in accordance with other pertinent information contained in this report, it is recommended that the Rattlesnake Ridge Water District take the following steps:

- A) Review this report, then direct the Engineer, upon notification of RUS - RD to immediately complete necessary documentation to RUS - RD for further processing for Loan and Grant funds to construct McConnell Branch Tank Replacement outlined in this Report.
- B) Begin the process of tying down the ARC funds to complete the project funding.
- C) Direct the Engineer to complete all necessary plans, specifications and contract documents to receive approvals and permission to advertise this project for bids.
- D) Upon completion of the above and receipt of approvals, initiate actions to acquire required permits, fee simple title for tank site expansion.
- E) Upon favorable review of RUS and ARC make necessary petitions and applications, through local and bond counsel, to the Kentucky Public Service Commission for a Certificate of Need and Necessity.

Preliminary Engineering Report

Phase X

McConnell Branch Tank Replacement Rattlesnake Ridge Water District

Section 1 - General

Purpose

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Preliminary Engineering Report

Phase X

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Service Areas

Land uses include forest products, minimum coal mining, and agricultural.

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Phase X
McConnell Branch Tank Replacement
Rattlesnake Ridge Water District
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Therefore, total storage upon completion of Phase X will be 2,046,000 gallons.

Preliminary Engineering Report

Phase X

McConnell Branch Tank Replacement Rattlesnake Ridge Water District

Section 4 – Need For Project

Design Criteria and Approvals

The **new water tank** will be designed in accordance with Kentucky Natural Resources and Environmental Protection Cabinet, Division of Water, (State Standards) and **Rural Utilities Service – Rural Development**, and Kentucky Public Service Commission guidelines.

Design drawings will be submitted for approval to the Division of Water and **Rural Utilities Service – Rural Development**. The Preliminary and Final Engineering Reports will be filed with the application for a Certificate of Convenience and Necessity from the Kentucky Public Service Commission. The minimum pressure at all customer meter connections will be 30 psi.

Land and Rights-of-Way

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Source of Water Supply

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Total Water Storage

The District upon completion of Phase X, will have over 2,000,000 gallons of storage to serve 4,200 customers as set out hereinbefore.

The RUS-RD, Division of Water and PSC require one (1) day storage based on average daily consumption. The average daily consumption in the Rattlesnake Ridge Water District is 129 gallons per day per customer. Therefore, the existing required storage of $(4,100 \times 129 \text{ GPD} + 200,000 \text{ GPD for the prison} + 350,000 \text{ GPD (Parks)} + 200,000 \text{ GPD (Olive Hill)} + 50,000 \text{ GPD (Sandy Hook)} = 1,328,900 \text{ GPD}$. The District exceeds the requirements and in fact has 1.5 days storage.

Preliminary Engineering Report

Phase X

McConnell Branch Tank Replacement Rattlesnake Ridge Water District

Section 5 – Proposals Considered

Due to the increased growth in the area and the potential to serve Olive Hill and Sandy Hook with potable water, the District needed to expand its current water treatment plant in their Phase VIII. The surrounding communities have had problems in the recent past with source capacity, therefore the District decided to expand its own plant in Phase VIII in 2012.

This project for the replacement of the McConnell Branch Tank has been considered for several years. The existing standpipe tank is 29 years old and has deteriorated over time. The District has employed tank repairmen and painters to seal the many leaks unsuccessfully. The water loss and loss of service to customers ultimately made the decision to replace the tank. It was decided to go with an elevated tank because it assures that all water is available for use to maintain flow and pressure. A standpipe (under normal operating conditions) uses only the top 1/3 of tank.

Construction Problems

The proposed project as presented does not anticipate any significant construction problems. The new tank will be adjacent to existing tank and therefore geology and environmental concerns should be minor. No significant problems are anticipated to occur on the project involving construction or operational problems.

Hydraulic Computations

A simple hydraulic check has been made to assure that the areas of service can be served by an elevated tank that is replacing a standpipe.

In fact an elevated tank provides MORE usable water than a standpipe.

Preliminary Engineering Report
Phase X
McConnell Branch Tank Replacement
Rattlesnake Ridge Water District

Section – 6 Financials

This project includes additional debt service due to the additional project loan. The proposed loan amount is \$310,000. The Amortization Schedule is located at the end of this section. The terms of the loan will be 40 years at 2.375%. Therefore, the additional annual debt service will be \$12,090.68 plus 10% debt service coverage equals \$13,299.75.

The District currently has approximately 4,040 existing customers. Therefore, the rate increase will be $\$13,299.75/4,040\text{customers} = \$3.30/\text{year} = \$0.27/\text{customer}/\text{month}$. The District will need an additional \$0.15 for additional coverage of inflation, maintenance and operations. Therefore, the proposed average bill will increased an additional \$0.42.

Therefore, the cost of 4000 gallons of water will increase from \$54.84 to \$55.26. The proposed rate increase will be approximately one percent.

PROJECT COST ESTIMATE

Item #	Item Description	Unit Quantity		Unit Cost	Total Cost
1	100,000 Gallon Elevated Tank w/ Foundation & Painting (118' O.F.)	1	EA	\$ 450,000	\$ 450,000
2	Site Work grubbing, Grade, etc.	1	EA	\$ 5,000	\$ 5,000
3	Piping, Valves, etc.	1	EA	\$ 10,000	\$ 10,000
4	Fencing	1	EA	\$ 5,000	\$ 5,000
5	Gravel, Seeding, etc	1	EA	\$ 5,000	\$ 5,000
6	Existing Tank Demolition	1	EA	\$ 15,000	\$ 15,000
7	Misc. Items	1	EA	\$ 10,000	\$ 10,000
	Estimated Construction Costs			=	\$ 500,000
	Contingency (+/- 10%)			=	\$ 50,000
	Total Estimated Construction Cost			=	\$ 550,000
	Land Acquisition			=	\$ 3,000
	Legal & Administration			=	\$ 10,000
	Interest During Construction			=	\$ 12,000
	Engineering Fees			=	\$ 105,000
	Basic (10.20%) = \$ 56,000				
	Resident Inspection (7.12%) = \$ 39,000				
	Additional (Permits, Deeds, Survey, Easements, permits, etc.) = \$ 10,000				
	Total Estimated Project Cost				\$ 680,000

PHASE X
RATTLESNAKE RIDGE WATER DISTRICT
McConnell Branch Tank Replacement
PROPOSED PROJECT FUNDING

ARC	\$170,000.00
RD Grant & Loan	\$200,000.00
RD Loan	\$310,000.00
Total Project Funding	\$680,000.00

PHASE X
RATTLESNAKE RIDGE WATER DISTRICT
McConnell Branch Tank Replacement
(As of Feb. 7, 2014)

EXISTING RATE SCHEDULE

GALLONAGE BLOCKS FOR EACH METER SIZE	MONTHLY RATE FOR EACH METER EACH BLOCK
<u>5/8 X 3/4 inch Meter</u>	
First 1,000 gallons	\$ 19.32 (Minimum Bill)
Next 4,000 gallons	\$ 11.84 per 1,000 gallons
Next 5,000 gallons	\$ 10.19 per 1,000 gallons
Next 10,000 gallons	\$ 8.75 per 1,000 gallons
Next 20,000 gallons	\$ 6.13 per 1,000 gallons
Over 40,000 gallons	\$ 4.82 per 1,000 gallons
<u>3/4" Meter</u>	
First 5,000 gallons	\$ 66.69 Minimum bill
Next 5,000 gallons	\$ 10.19 per 1,000 gallons
Next 10,000 gallons	\$ 8.75 per 1,000 gallons
Next 20,000 gallons	\$ 6.13 per 1,000 gallons
All Over 40,000 gallons	\$ 4.82 per 1,000 gallons
<u>1" Meter</u>	
First 10,000 gallons	\$117.65 Minimum bill
Next 10,000 gallons	\$ 8.75 per 1,000 gallons
Next 20,000 gallons	\$ 6.13 per 1,000 gallons
All Over 40,000 gallons	\$ 4.82 per 1,000 gallons
<u>1 1/2" Meter</u>	
First 30,000 gallons	\$266.39 Minimum bill
Next 10,000 gallons	\$ 6.13 per 1,000 gallons
All Over 40,000 gallons	\$ 4.82 per 1,000 gallons
<u>2" Meter</u>	
First 50,000 gallons	\$375.91 Minimum bill
All Over 50,000 gallons	\$ 4.82 per 1,000 gallons
<u>3" Meter</u>	
First 100,000 gallons	\$617.14 Minimum bill
All Over 100,000 gallons	\$ 4.82 per 1,000 gallons
<u>4" Meter</u>	
First 200,000 gallons	\$1,099.14 Minimum bill
All Over 200,000 gallons	\$ 4.82 per 1,000 gallons
<u>6" Meter</u>	
First 500,000 gallons	\$2,546.98 Minimum bill
All Over 500,000 gallons	\$ 4.82 per 1,000 gallons

Wholesale Rates

Big Sandy Water District \$3.82 per 1,000 Gallons

City of Vanceburg \$3.82 per 1,000 Gallons

City of Olive Hill \$4.30 per 1,000 Gallons

Kentucky Department of Parks (Golf Course Only) \$4.63 per 1,000 Gallons

Sandy Hook Water District

First	50,000	Gallons	\$145.15 Minimum Bill
All Over	50,000	Gallons	2.90 per 1,000 Gallons

Connection Fees By PSC Tariff

5/8 inch x 3/4 inch	\$ 700.00
3/4 inch	\$ 800.00
1 inch	\$ 1,100.00
1 1/2 inch	\$ 1,250.00
2 inch	\$ 1,500.00
3 inch	\$ 2,100.00

PROPOSED RATE SCHEDULE

GALLONAGE BLOCKS FOR EACH
METER SIZE

MONTHLY RATE FOR EACH METER
EACH BLOCK

5/8 X 3/4 inch Meter

First	1,000 gallons	\$ 19.32 (Minimum Bill)
Next	4,000 gallons	\$ 11.98 per 1,000 gallons
Next	5,000 gallons	\$ 10.33 per 1,000 gallons
Next	10,000 gallons	\$ 8.89 per 1,000 gallons
Next	20,000 gallons	\$ 6.27 per 1,000 gallons
Over	40,000 gallons	\$ 4.96 per 1,000 gallons

3/4" Meter

First	5,000 gallons	\$ 67.24 Minimum bill
Next	5,000 gallons	\$ 10.33 per 1,000 gallons
Next	10,000 gallons	\$ 8.89 per 1,000 gallons
Next	20,000 gallons	\$ 6.27 per 1,000 gallons
All Over	40,000 gallons	\$ 4.96 per 1,000 gallons

1" Meter

First	10,000 gallons	\$118.89 Minimum bill
Next	10,000 gallons	\$ 8.89 per 1,000 gallons
Next	20,000 gallons	\$ 6.27 per 1,000 gallons
All Over	40,000 gallons	\$ 4.96 per 1,000 gallons

1 1/2" Meter

First	30,000 gallons	\$270.49 Minimum bill
Next	10,000 gallons	\$ 6.27 per 1,000 gallons
All Over	40,000 gallons	\$ 4.96 per 1,000 gallons

2" Meter

First	50,000 gallons	\$382.79 Minimum bill
All Over	50,000 gallons	\$ 4.96 per 1,000 gallons

3" Meter

First	100,000 gallons	\$630.79 Minimum bill
All Over	100,000 gallons	\$ 4.96 per 1,000 gallons

4" Meter

First	200,000 gallons	\$1,126.79 Minimum bill
All Over	200,000 gallons	\$ 4.96 per 1,000 gallons

6" Meter

First	500,000 gallons	\$2,614.79 Minimum bill
All Over	500,000 gallons	\$ 4.96 per 1,000 gallons

Wholesale Rates

Big Sandy Water District \$3.82 per 1,000 Gallons

City of Vanceburg \$3.82 per 1,000 Gallons

City of Olive Hill \$4.30 per 1,000 Gallons

Kentucky Department of Parks (Golf Course Only) \$4.63 per 1,000 Gallons

Sandy Hook Water District

First	50,000	Gallons	\$145.15 Minimum Bill
All Over	50,000	Gallons	2.90 per 1,000 Gallons

Connection Fees By PSC Tariff

5/8 inch x 3/4 inch	\$ 700.00
3/4 inch	\$ 800.00
1 inch	\$ 1,100.00
1 1/2 inch	\$ 1,250.00
2 inch	\$ 1,500.00
3 inch	\$ 2,100.00

Rattlesnake Ridge**Loan - RUS****TABLE DATA**

Loan amount:	\$310,000.00	Table starts at date: or at payment number: 1
Ann. interest rate:	2.375%	
Term in years:	40	
Payments / year:	1	
First payment due:	1/1/2016	

Payment: **\$12,090.68**

No.	Payment Date	Beginning Balance	Interest
1	1/1/2016	310,000.00	7,362.50
2	1/1/2017	305,271.82	7,250.21
3	1/1/2018	300,431.34	7,135.24
4	1/1/2019	295,475.90	7,017.55
5	1/1/2020	290,402.77	6,897.07

Use payment of: \$12,090.68 Beginning balance at payment 1: 310,000.00
 1st payment in table: 1 Cumulative interest prior to payment 1: 0.00

TableTable 1 plus 10% coverage of \$1,209.07 = **\$13,299.75 ANNUAL DEBT SERVICE**

No.	Payment Date	Beginning Balance	Interest	Principal	Ending Balance	Cumulative Interest
1	1/1/2016	310,000.00	7,362.50	4,728.18	305,271.82	7,362.50
2	1/1/2017	305,271.82	7,250.21	4,840.48	300,431.34	14,612.71
3	1/1/2018	300,431.34	7,135.24	4,955.44	295,475.90	21,747.95
4	1/1/2019	295,475.90	7,017.55	5,073.13	290,402.77	28,765.50
5	1/1/2020	290,402.77	6,897.07	5,193.62	285,209.16	35,662.57
6	1/1/2021	285,209.16	6,773.72	5,316.96	279,892.19	42,436.29
7	1/1/2022	279,892.19	6,647.44	5,443.24	274,448.95	49,083.73
8	1/1/2023	274,448.95	6,518.16	5,572.52	268,876.43	55,601.89
9	1/1/2024	268,876.43	6,385.82	5,704.87	263,171.56	61,987.70
10	1/1/2025	263,171.56	6,250.32	5,840.36	257,331.20	68,238.03
11	1/1/2026	257,331.20	6,111.62	5,979.07	251,352.14	74,349.64
12	1/1/2027	251,352.14	5,969.61	6,121.07	245,231.07	80,319.26
13	1/1/2028	245,231.07	5,824.24	6,266.44	238,964.62	86,143.50
14	1/1/2029	238,964.62	5,675.41	6,415.27	232,549.35	91,818.90
15	1/1/2030	232,549.35	5,523.05	6,567.64	225,981.72	97,341.95
16	1/1/2031	225,981.72	5,367.07	6,723.62	219,258.10	102,709.02
17	1/1/2032	219,258.10	5,207.38	6,883.30	212,374.80	107,916.40
18	1/1/2033	212,374.80	5,043.90	7,046.78	205,328.02	112,960.30
19	1/1/2034	205,328.02	4,876.54	7,214.14	198,113.87	117,836.84
20	1/1/2035	198,113.87	4,705.20	7,385.48	190,728.40	122,542.04
21	1/1/2036	190,728.40	4,529.80	7,560.88	183,167.51	127,071.84
22	1/1/2037	183,167.51	4,350.23	7,740.45	175,427.06	131,422.07
23	1/1/2038	175,427.06	4,166.39	7,924.29	167,502.77	135,588.46
24	1/1/2039	167,502.77	3,978.19	8,112.49	159,390.28	139,566.66
25	1/1/2040	159,390.28	3,785.52	8,305.16	151,085.11	143,352.17
26	1/1/2041	151,085.11	3,588.27	8,502.41	142,582.70	146,940.45
27	1/1/2042	142,582.70	3,386.34	8,704.34	133,878.36	150,326.78
28	1/1/2043	133,878.36	3,179.61	8,911.07	124,967.29	153,506.40
29	1/1/2044	124,967.29	2,967.97	9,122.71	115,844.58	156,474.37
30	1/1/2045	115,844.58	2,751.31	9,339.37	106,505.21	159,225.68
31	1/1/2046	106,505.21	2,529.50	9,561.18	96,944.02	161,755.18
32	1/1/2047	96,944.02	2,302.42	9,788.26	87,155.76	164,057.60
33	1/1/2048	87,155.76	2,069.95	10,020.73	77,135.03	166,127.55
34	1/1/2049	77,135.03	1,831.96	10,258.73	66,876.30	167,959.50
35	1/1/2050	66,876.30	1,588.31	10,502.37	56,373.93	169,547.82
36	1/1/2051	56,373.93	1,338.88	10,751.80	45,622.13	170,886.70
37	1/1/2052	45,622.13	1,083.53	11,007.16	34,614.97	171,970.22
38	1/1/2053	34,614.97	822.11	11,268.58	23,346.40	172,792.33

Preliminary Engineering Report

Phase X

McConnell Branch Tank Replacement Rattlesnake Ridge Water District

Section – 7 Health & Sanitation Needs

The area of service of the McConnell Branch Tank Replacement is south central Carter County (southeast of Olive Hill) and the north central area of Elliott County.

The leaking and deteriorating tank had losses of water and down time which lowered the pressure and flow to the above areas.

The residents in these areas acquired water lines many years ago because of the health and sanitary needs. Their CONTAMINATED water supplies came from wells, cisterns, and surface water that were contaminated by failing septic tanks and direct stream discharge of sanitary sewage.

Although there are lines in existence, the lines must be fed by a properly operating gravity system of water tanks. In other words, no tank, NO water in lines. The water source then reverts to the previous conditions prior to the system being established, which is contaminated.

Low pressure and low flow in lines breeds further contamination by not keeping chlorine disinfection in place and effective.

Preliminary Engineering Report

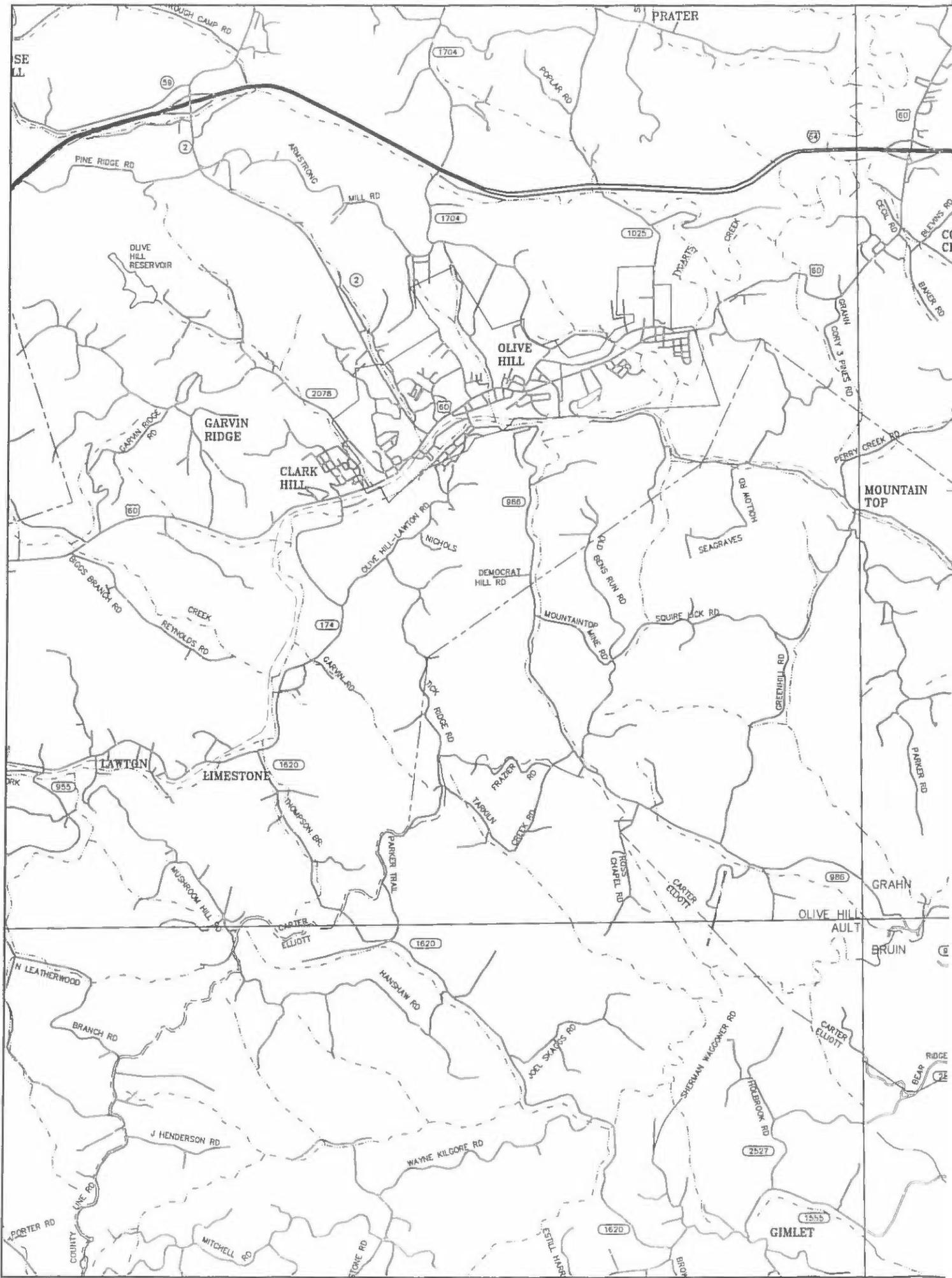
Phase X

McConnell Branch Tank Replacement Rattlesnake Ridge Water District

Section – 8 Conclusions & Recommendations

Based on studies, findings and conclusions and in accordance with other pertinent information contained in this report, it is recommended that the Rattlesnake Ridge Water District take the following steps:

- A) Review this report, then direct the Engineer, upon notification of RUS - RD, to immediately complete necessary documentation to RUS - RD for further processing for Loan and Grant funds to construct the Water tank replacement and improvements outlined in this Report.
- B) Direct the Engineer to complete all necessary plans, specifications and contract documents to receive approvals and permission to advertise this project for bids.
- C) Upon completion of the above and receipt of approvals, initiate actions to acquire required permits, fee simple titles and right of way easements for construction areas.
- D) Upon favorable review of RUS - RD and ARC make necessary petitions and applications, through local and bond counsel, to the Kentucky Public Service Commission for a Certificate of Need and Necessity.



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