

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**RECEIVED**  
NOV 30 2012  
PUBLIC SERVICE  
COMMISSION

**IN THE MATTER OF:**

**THE APPLICATION OF MIDDLETOWN WASTE )**  
**DISPOSAL, INC. FOR APPROVAL OF ) CASE NO. 2012 - \_\_\_\_\_**  
**FINANCING PURSUANT TO KRS 278.300 )**

**STATEMENT AND NOTICE**

Middletown Waste Disposal, Inc. ("MWD"), pursuant to KRS 278.300, hereby petitions the Public Service Commission ("Commission") for financing approval to enter into a loan agreement with Chase Bank N.A. In support of its application, MWD respectfully states as follows:

1. MWD is an investor-owned sewer utility that has been engaged in the collection and treatment of sewage. It currently provides sewer service to approximately 196 sewer customers in Jefferson County in Kentucky. MWD is a corporation, and its principal office, place of business, and mailing address is 13005 Middletown Industrial Boulevard, Suite I, Louisville, Kentucky 40223.

2. MWD seeks Commission approval to enter into a loan agreement with Chase Bank N.A. ("Chase") to borrow \$35,000 loan for a 60-month term, bearing interest at a rate of 5.90%, with a monthly payment of \$675.02. The agreement and amortization schedule are attached herein as Exhibit 1. Pursuant to KRS 278.300(1), MWD is required to obtain approval from the Commission to enter into this financing arrangement.

3. The proceeds from the proposed loan will be used to provide working capital to fund MWD's operations and to repay MWD's partners for a \$20,000 interim

loan made in late April and early May of 2012 to fund the emergency replacement of the sewage treatment plant's air header in May 2012. MWD's original plant, including the replaced air header, was constructed around 1981, and the original air header had degraded to the point that the plant was no longer operating effectively, requiring replacement of the air header. In addition, numerous emergency repairs totaling \$47,721.44 were made to the MWD plant in 2012, and these emergency and nonrecurring repairs were identified and included in MWD's rate increase application, which has been assigned Case No. 2012-00375. Due to the depletion of its working capital, MWD requested to borrow approximately \$47,000 from Chase, but Chase has only approved a loan of \$35,000.

4. MWD's property consists of a sewage treatment plant, lagoon and the land upon which they sit; collection sewers; two lift stations; and other miscellaneous and general plant. The original cost of MWD's property as reflected in the 2011 PSC Annual Report on file with the Commission is \$613,712, and MWD's annual reports are on file with the Public Service Commission as required by 807 KAR 5:006, Section 3(1).

5. As required by 807 KAR 5:001, Section 6(9), MWD has filed a detailed 2011 balance sheet and pro forma income statement at Exhibit 2 herein. MWD specifically requests a waiver of the requirement to file the balance sheet and income statement for a period ending not more than 90 days from the date this financing application has been filed. The grounds for this request are that MWD does not routinely produce financial statements other than its annual reports which are on file with the Commission; that production of more recent statements would result in additional expense and undue delay, and would provide no additional benefit; and that

MWD has included herein the pro forma income statement included in Case No. 2012-00375, which reflects MWD's operations updated beyond the calendar year 2011. MWD also requests that the Commission consider consolidation of this financing case with Case No. 2012-00375 if such consolidation would speed resolution of either or both cases.

6. A copy of this filing has been mailed to the Utility Intervention and Rate Division of the Attorney General's office of the Commonwealth of Kentucky.

7. MWD has attempted in good faith to comply with the Commission's financing case filing requirements, and believes it has provided sufficient information to allow the processing of this case to begin. Therefore, MWD respectfully requests a waiver of any filing requirements deemed to be unmet, on the grounds that time is of the essence to complete this transaction; that all relevant information has been provided to allow the Commission to issue a decision on this matter; and that production of additional information would result in greater expense and undue delay with no benefit to any party.

WHEREFORE, the Applicant, Middletown Waste Disposal, Inc., requests that the Commission grant to the Applicant its proposal to borrow \$35,000 from Chase Bank, to be repaid \$675.02 monthly over 60 months at an interest rate of 5.90%.



## FINANCING

### Filing Requirements Checklist

(Applicable Regulation: 807 KAR 5:001, Sections 6 & 11)

<u>Law/Regulation</u>	<u>Filing Requirement</u>
<u>807 KAR 5:001:</u>	
Section 8(1)	Full name and post office address of applicant and a reference to the particular provision of law requiring Commission approval. <b>Application at page 1.</b>
Section 8(2)	The original and 10 copies of the application with an additional copy for any party named therein as an interested party. <b>An original and 10 copies have been filed, with a copy sent to the Attorney General.</b>
Section 8(3)	If applicant is a corporation, a certified copy of the Articles of Incorporation and all amendments thereto <u>or</u> if the articles were filed with the PSC in a prior proceeding, a reference to the style and case number of the prior proceeding. <b>Middletown Waste Disposal's Articles of Incorporation have been previously filed in Case No. 2009-00227.</b>
KRS 278.300(2)	Every financing application shall be made under oath, and shall be signed and filed on behalf of the utility by its president, or by a vice president, auditor, comptroller or other executive officer having knowledge of the matters set forth and duly designated by the utility. <b>Application was made under oath and signed by Middletown's Treasurer at page 4.</b>
807 KAR 5:001: Section 11(1)(a)	Description of applicant's property. <b>Middletown's property is described in the Application at page 2.</b> Statement of original cost of applicant's property and the cost to the applicant, if different. <b>Original cost of Symsonia's property is stated in the Application at page 2.</b>
Section 11(1)(b)	If stock is to be issued: and kinds to be issued. <b>Not applicable – no stock is to be issued.</b>  --Description of amount and kinds to be issued. <b>Not applicable – no stock is to be issued.</b>  --If preferred stock, a description of the preferences. <b>Not applicable – no stock is to be issued.</b>  If Bonds or Notes or Other Indebtedness is proposed:  --Description of the amount(s) <b>Amounts shown in Application at Exhibit 1.</b>

Law/Regulation

Filing Requirement

--Full description of all terms **All terms shown in Application at Exhibit 1.**

--Interest rates(s) **Interest rate of 5.90% shown in Application at Exhibit 1.**

--Whether the debt is to be secured and if so a description of how it's secured. **The loan document contains no requirement that the debt is to be secured.**

Section 11(1)(c)

Statement of how proceeds are to be used. Should show amounts for each type of use (i.e., property, debt refunding, etc.) **The proceeds are to be used to establish permanent financing for the plant repairs and improvements needed in 2012, to provide working capital which has been depleted by payment of the 2012 repairs, and to repay an interim loan of \$20,000 the partners made in April and May of 2012 to finance replacement of the plant's air header.**

807 KAR 5:001:

Section 11(1)(d)

If proceeds are for property acquisition, give a full description thereof. Supply any contracts. **Not applicable - None of the proceeds are for property acquisition.**

Section 11(1)(e)

If proceeds are to refund outstanding obligations, give:

--Par value **If repaying the interim loan is considered refunding an obligation, the amount was \$20,000.**

--Amount for which actually sold **The interim loan amount was \$20,000.**

--Expenses and application of proceeds **No expenses incurred; proceeds used to finance air header replacement.**

--Date of obligations **Partner loans were made in April and May of 2012.**

--Total amount **Partner loans for air header replacement were \$20,000.**

--Time held **Partner loans were made in April and May of 2012.**

--Interest rate **The partner loans are incurring a 6% interest rate.**

--Payee **MWD's three partners are Paul Lichtefeld, Sr, Donald Lorenz, and Jack Kaninberg.**

Section 11(2)(a)

Financial Exhibit (see below)

Section 11(2)(b)

Copies of all trust deeds or mortgages. If previously filed, state case number. **Not applicable - There are no trust deeds or mortgages.**

Section 11(2)(c)

If Property to be acquired:

--Maps and plans of property. **Not Applicable – no property is to be acquired.**

Section 11(2)(c)

--Detailed estimates by USOA account number. **Waiver Requested. Middletown has filed detailed financial estimates at**

Law/Regulation

Filing Requirement

**Exhibit 11, but not by USOA account number, and their production would result in additional expense with no benefit.**

For Period Ending  
Not More Than 90  
Days From File  
Date

807 KAR 5:001

Section 6(1)

Amount and types of stock authorized. **Not applicable – no stock is to be issued.**

Section 6(2)

Amount and types of stock issued and outstanding. **20 shares of common stock outstanding at 12/21/11 (deviation requested).**

Section 6(3)

Detail of preference terms of preferred stock. **Not applicable – no preferred stock is to be issued; none outstanding.**

Section 6(4)

Mortgages:

--Date of Execution **Not applicable – there are no mortgages.**

--Name of Mortgagor **Not applicable – there are no mortgages.**

--Name of Mortgagee or Trustee **Not applicable – there are no mortgages.**

--Amount of Indebtedness Secured **Not applicable – there are no mortgages.**

--Sinking Fund Provisions **Not applicable – there are no mortgages.**

Section 6(5)

Bonds

--Amount Authorized **Not applicable – no bonds are to be issued; none outstanding.**

--Amount Issued **Not applicable – no bonds are to be issued; none outstanding.**

--Name of Utility Who Issued **Not applicable – no bonds are to be issued; none outstanding.**

--Description of Each Class Issued **Not applicable – no bonds are to be issued; none outstanding.**

--Date of Issue **Not applicable – no bonds are to be issued; none outstanding.**

--Date of Maturity **Not applicable – no bonds are to be issued; none outstanding.**

--How Secured **Not applicable – no bonds are to be issued; none outstanding.**

Law/Regulation

Filing Requirement

--Interest Paid in Last Fiscal Year **Not applicable – no bonds are to be issued; none outstanding.**

Section 6(6)

Notes Outstanding:

--Date of Issue **Citizens Union Bank note dated 10/26/10; partner loans issued at various dates.**

--Amount **As of 12/31/11, \$22,997 to Citizens Union Bank and \$24,583 in partner loans**

--Maturity Date **Citizens Union Bank 10/26/15; no maturity dates on partner loans except land, which is May 2014.**

--Rate of Interest **8.5% on Citizens Union Bank; 6% on partner loans except for 9% land loan.**

--In Whose Favor **Citizens Union Bank and MWD partners.**

--Interest Paid in Last Fiscal Year **In 2011, \$2,213 to Citizens Union; \$5,319 to partners.**

Section 6(7)

Other Indebtedness:

--Description of Each Class **Stockholder Loans**

--How Secured **Unsecured**

--Description of Any Assumption of Indebtedness by Outside Party  
(i.e., any transfer) **None**

--Interest Paid in Last Fiscal Yr. **\$2,290 in 2011**

Section 6(8)

Rate and amount of dividends paid during the five (5) previous fiscal years and the amount of capital stock on which dividends were paid each year. **Not applicable, no dividends have been paid.**

Section 6(9)

Detailed income statement and balance sheet. **See application at Exhibit 2. Middletown is requesting a deviation of any requirement to file a financial statement other than the 2011 incomes statement and balance sheet, as this is the most recent information available, and the production of more recent information would result in added expense and would be of no benefit.**

Section 3(3)(a)

Copy of amortization schedules of present and proposed indebtedness. **Attached at Exhibit 1.**

Section 3(3)(a)

A full and complete explanation of any corporate or business relationships between applicant and parent or brother-sister corporation, subsidiary(ies), a development corporation(s), or any other party or business to afford the PSC a full understanding of the situation. **Not applicable – there are no such relationships.**



## MWD Exhibit 1 – Loan Document



November 27, 2012

To Whom It May Concern,

This letter is to serve as confirmation that Middletown Waste Management Inc. is approved by Chase Bank N.A. for a \$35,000.00 loan at 5.90% for 60 months. Payment will be \$675.02 a month. This offer is valid for 60 days from 11/27/2012. Please direct any question to Mitchell R. Koontz, Chase Bank, at 502-895-2672.

Sincerely,

A handwritten signature in black ink, appearing to read "Mitchell R. Koontz".

Mitchell R. Koontz, Chase Bank N.A.

# Loan Amortization Schedule



HELP

Middletown Waste Management Inc.

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Loan Information		Summary	
Loan Amount	35,000.00	Rate (per period)	0.492%
Annual Interest Rate	5.90%	Number of Payments	60
Term of Loan in Years	5	Total Payments	40,501.35
First Payment Date	1/1/2013	Total Interest	5,501.35
Payment Frequency	Monthly	Est. Interest Savings	(0.04)
Compound Period	Monthly		
Payment Type	End of Period		
<b>Monthly Payment</b>		<b>675.02</b>	

## Amortization Schedule

 Rounding On

No.	Due Date	Payment	Additional Payment	Interest	Principal	Balance
						35,000.00
1	1/1/13	675.02	0.00	172.08	502.94	34,497.06
2	2/1/13	675.02	0.00	169.61	505.41	33,991.65
3	3/1/13	675.02	0.00	167.13	507.89	33,483.76
4	4/1/13	675.02	0.00	164.63	510.39	32,973.37
5	5/1/13	675.02	0.00	162.12	512.90	32,460.47
6	6/1/13	675.02	0.00	159.60	515.42	31,945.05
7	7/1/13	675.02	0.00	157.06	517.96	31,427.09
8	8/1/13	675.02	0.00	154.52	520.50	30,906.59
9	9/1/13	675.02	0.00	151.96	523.06	30,383.53
10	10/1/13	675.02	0.00	149.39	525.63	29,857.90
11	11/1/13	675.02	0.00	146.80	528.22	29,329.68
12	12/1/13	675.02	0.00	144.20	530.82	28,798.86
13	1/1/14	675.02	0.00	141.59	533.43	28,265.43
14	2/1/14	675.02	0.00	138.97	536.05	27,729.38
15	3/1/14	675.02	0.00	136.34	538.68	27,190.70
16	4/1/14	675.02	0.00	133.69	541.33	26,649.37
17	5/1/14	675.02	0.00	131.03	543.99	26,105.38
18	6/1/14	675.02	0.00	128.35	546.67	25,558.71
19	7/1/14	675.02	0.00	125.66	549.36	25,009.35
20	8/1/14	675.02	0.00	122.96	552.06	24,457.29
21	9/1/14	675.02	0.00	120.25	554.77	23,902.52
22	10/1/14	675.02	0.00	117.52	557.50	23,345.02
23	11/1/14	675.02	0.00	114.78	560.24	22,784.78
24	12/1/14	675.02	0.00	112.03	562.99	22,221.79
25	1/1/15	675.02	0.00	109.26	565.76	21,656.03
26	2/1/15	675.02	0.00	106.48	568.54	21,087.49
27	3/1/15	675.02	0.00	103.68	571.34	20,516.15
28	4/1/15	675.02	0.00	100.87	574.15	19,942.00
29	5/1/15	675.02	0.00	98.05	576.97	19,365.03
30	6/1/15	675.02	0.00	95.21	579.81	18,785.22
31	7/1/15	675.02	0.00	92.36	582.66	18,202.56
32	8/1/15	675.02	0.00	89.50	585.52	17,617.04
33	9/1/15	675.02	0.00	86.62	588.40	17,028.64
34	10/1/15	675.02	0.00	83.72	591.30	16,437.34
35	11/1/15	675.02	0.00	80.82	594.20	15,843.14
36	12/1/15	675.02	0.00	77.90	597.12	15,246.02
37	1/1/16	675.02	0.00	74.96	600.06	14,645.96

No.	Due Date	Payment	Additional Payment	Interest	Principal	Balance
38	2/1/16	675.02	0.00	72.01	603.01	14,042.95
39	3/1/16	675.02	0.00	69.04	605.98	13,436.97
40	4/1/16	675.02	0.00	66.07	606.95	12,828.02
41	5/1/16	675.02	0.00	63.07	611.95	12,216.07
42	6/1/16	675.02	0.00	60.06	614.96	11,601.11
43	7/1/16	675.02	0.00	57.04	617.98	10,983.13
44	8/1/16	675.02	0.00	54.00	621.02	10,362.11
45	9/1/16	675.02	0.00	50.95	624.07	9,738.04
46	10/1/16	675.02	0.00	47.88	627.14	9,110.90
47	11/1/16	675.02	0.00	44.80	630.22	8,480.68
48	12/1/16	675.02	0.00	41.70	633.32	7,847.36
49	1/1/17	675.02	0.00	38.58	636.44	7,210.92
50	2/1/17	675.02	0.00	35.45	639.57	6,571.35
51	3/1/17	675.02	0.00	32.31	642.71	5,928.64
52	4/1/17	675.02	0.00	29.15	645.87	5,282.77
53	5/1/17	675.02	0.00	25.97	649.05	4,633.72
54	6/1/17	675.02	0.00	22.78	652.24	3,981.48
55	7/1/17	675.02	0.00	19.58	655.44	3,326.04
56	8/1/17	675.02	0.00	16.35	658.67	2,667.37
57	9/1/17	675.02	0.00	13.11	661.91	2,005.46
58	10/1/17	675.02	0.00	9.86	665.16	1,340.30
59	11/1/17	675.02	0.00	6.59	668.43	671.87
60	12/1/17	675.17	0.00	3.30	671.87	0.00

## MWD Exhibit 2 – Financial Statements

### Middletown WD 2012 Pro Forma

	2011 PSC Report	Adjustments	Adjusted
Total Revenues	\$162,976	A. \$5,187	\$168,163
<b>Operating Expenses</b>			
Owner/ Manager Fee	0	B. \$3,600	\$3,600
Sludge Hauling Expense	\$6,383	C. \$3,975	\$10,358
Electricity Expense	\$39,933	D. \$9,983	\$49,916
Chemicals	\$3,363	E. \$1,859	\$5,222
Testing	\$11,440	0	\$11,440
Routine Maintenance Fees	\$7,980	F. \$420	\$8,400
Maint. Treatment/Disposal Plant	\$31,050	G. (\$1,247)	\$29,803
Agency Collection Fee	\$1,860	0	\$1,860
Office Expense	\$1,324	0	\$1,324
Outside Services Employed	\$17,690	H. (\$4,944)	\$12,746
Insurance Expense	\$7,885	I. \$1,658	\$9,543
Misc. General Expense	\$660	J. \$48	\$708
Rents	\$1,200	K. \$600	\$1,800
<b>Total O&amp;M Expenses</b>	<b>\$130,768</b>	<b>\$15,952</b>	<b>\$146,720</b>
Depreciation Expense	\$18,478	L. (\$16,391)	\$2,087
Amortization Expense	\$20,182	M. \$13,044	\$33,226
Taxes Other Than Income	\$7,186	0	\$7,186
Income Taxes - State	\$175	N. (\$175)	0
<b>Total Operating Expenses</b>	<b>\$176,789</b>	<b>\$12,430</b>	<b>\$189,219</b>
<i>Net. Operating Income</i>	<i>(\$13,813)</i>	<i>(\$7,243)</i>	<i>(\$21,056)</i>
Interest Expense	\$9,822	O. (\$6,068)	\$3,754
Net Income	(\$23,635)	\$1,105	(\$24,740)

#### Calculation of Revenue Requirement

\$ 189,219 - Operating Expenses

88% - Divided by 88% Operating Ratio

\$ 215,022 - Subtotal

\$ 3,754 - Add Interest Expense

\$ 218,776 - Revenue Requirement

(\$168,163) - Less Normalized Operating Revenues

\$ 50,613 - Justified Increase (30% increase)

\$ 33,633 - Requested 20% Phase 1 Increase; \$8,408 Phase 2 (5%) Increase

## Notes

A. Normalized Revenues as determined by the billing analysis.

B. Owner/Manager Fee Expense was adjusted to include an Owner/Manager Fee of \$3,600. MWD discontinued paying such fees after the April 2010 rate case decision to conserve cash, and the \$3,600 adjustment reflects the Commission's decision in that rate case to include a \$3,600 owner/manager fee to compensate MWD's owners for their duties and responsibilities.

C. Sludge Hauling Expense has increased for the first 6 months of 2012 with the new operator. If the normal expense of \$5,179 for the first 6 months is annualized, the pro forma expense is \$10,358.

D. Electricity Expense of \$39,933 for 2011 has been increased on a pro forma basis by 25% - or \$9,983 - to \$49,916. MWD's electricity expense has increased significantly since the most recent sewer rate increase in 2010, and will continue to increase significantly in the coming years, as explained herein.

First, at the end of 2011, the Commission approved an 18% increase in Louisville Gas & Electric Company's electricity rates by 2016 to pay for environmental upgrades. This increase is known and measurable, and will occur over the next three years. The Commission normally expects utility rates to be effective for a 3-5 year period, and MWD does not wish to file for annual rate cases to recover these increased costs. MWD recognizes that the full 18% increase will not be effective immediately, which causes a timing problem. The practical regulatory solution to this timing problem is the two-phase rate increase proposed herein.

Second, on June 8, 2012, Louisville Gas & Electric Co. ("LG&E") announced plans to request a 7% increase in electricity rates to be effective in January 2013. Therefore, MWD has included a 7% increase in addition to the 18% increase, for a total increase of 25%. MWD recognizes the PSC may not grant LG&E the full 7% increase requested, but whatever increase is granted should be known and measurable by the time the PSC approves new rates for MWD.

E. Chemicals Expense has increased in 2012. If the normal expense of \$2,611 for the first 6 months is annualized, the pro forma expense is \$5,222.

F. Routine Maintenance Fee Expense has increased by \$420 to reflect the new operator's fee of \$700 per month, or \$8,400 per year.

G. Maintenance of Treatment and Disposal Plant has been decreased pro forma because the 2011 test period included fuel surcharges of \$1,247 from the previous plant operator, and the new operator doesn't charge these surcharges.

H. Outside Services Employed will decrease from the 2011 amount of \$17,690 to

\$12,746 in the future. In 2011, this account included three outside services employed – the office manager who was paid \$12,645.00, the Kentucky Small Utility Consulting consultant who was paid \$2,138.48 to assist MWD, and the CPA who was paid \$2,906.25 for tax and financial consulting services. The new Treasurer replaced the office manager at a retainer fee of \$900 monthly, and his services will reduce the CPA's annual fee to \$1,946 on a pro-forma basis.

I. Insurance Expense will increase if a revenue increase is granted, as was recognized in the last rate case. The current policy's liability premium is \$5,816, and a 25% rate increase results in a premium of \$7,474, a difference of \$1,658.

J. Miscellaneous General Expense will increase by \$48 to reflect the new telephone and Internet charge of \$59 per month.

K. Rent Expense has increased to \$150 per month from the test year amount of \$100 per month, or an annual increase of \$600.

L. Depreciation Expense has been reduced by \$16,391 to reflect the depreciation expense allowed in MWD's most recent rate case in April 2010.

M. Amortization Expense has been increased by \$13,044 for two expense classifications. Most importantly, it has been increased by \$9,544 to recover over 5 years the cost of several nonrecurring emergency repairs and replacements totaling \$47,721.44 required in 2012 to keep the plant operational. The most significant of these charges was \$24,296.78 to replace and extend the original plant's air header, and to replace many of the original diffuser drops. The original air header was leaking on a constant basis, resulting in patchwork fixes and repeatedly high maintenance bills that ultimately proved to be inadequate. Other repairs and replacements were made to the electrical wiring, dechlorination equipment and lift station equipment; and two large sludge hauling bills totaling over \$4,000 were incurred to haul sludge that had settled and accumulated in that plant over several years. Invoices for these charges are attached herein.

Second, MWD has included an estimated \$10,500 in rate case legal expenses for this case, which if amortized over three years results in annual amortization expense of \$3,500. MWD hopes to avoid this expense entirely if at all possible, and avoiding this expense would benefit not only the utility – which has poor cash flow – but also its ratepayers. In MWD's last rate case it spent much more than \$10,500 on legal fees related to the rate case, and MWD respectfully requests that the Commission and its Staff provide whatever assistance and procedural flexibility is necessary to avoid a similar outcome in this case.

N. Income Taxes – State of \$175 have been removed for ratemaking purposes.

O. Interest Expense of \$9,822 for the test year has been adjusted by \$6,068 for two reasons. First, it was reduced by \$8,932 to include only the pro forma



interest expense of \$890 on the sewage treatment plant land loan, pursuant to the Commission's decisions in MWD's most recent rate case in April of 2010. Second, it was increased by \$2,864 to reflect 6% interest on the nonrecurring charges discussed in Note L above. MWD has paid nonrecurring charges totaling \$47,721.44 in 2012 to replace failing plant equipment to keep the plant operational. To finance these expenditures, MWD depleted its available cash and required its partners to contribute \$20,000 in interim financing in late April and early May of 2012. MWD wishes to obtain bank financing for these expenditures, but any such financing is uncertain - and contingent upon MWD's ability to show it has additional revenue from a rate increase to repay the loan.

**Sewer**

Annual Report

Of

MIDDLETOWN WASTE DISPOSAL, INC.

Exact Legal Name of Reporting Utility

13005 MIDDLETOWN INDUSTRIAL BLVD., SUITE I

LOUISVILLE, KY 40223

(Address of Utility)

TO THE  
PUBLIC SERVICE COMMISSION  
OF THE  
COMMONWEALTH OF KENTUCKY

FOR THE CALENDAR YEAR ENDED DECEMBER 31, 20 11

**BALANCE SHEET**

Line No.	ASSETS AND OTHER DEBITS	Balance First Of Year	Balance Last Of Year
1			
2	UTILITY PLANT		
3			
4	Utility Plant (101-109).....	\$ <u>613,712</u>	\$ <u>613,712</u>
5	Less: Accumulated Prov. For Depreciation		
6	And Amortization of Utility Plant (110).....	\$ <u>535,572</u>	\$ <u>554,050</u>
7	Net Utility Plant.....	\$ <u>78,140</u>	\$ <u>59,662</u>
8			
9	OTHER PROPERTY AND INVESTMENTS		
10			
11	Nonutility Property (121).....	\$ <u>498</u>	\$ <u>498</u>
12	Less: Accum. Prov. For Depr. And Amort.		
13	Of Non-utility property (122).....	\$ <u>498</u>	\$ <u>498</u>
14	Net Nonutility Property.....	\$ <u>0</u>	\$ <u>0</u>
15	Other Investment (124).....	\$	\$
16	Special Funds (125).....	\$ <u>350</u>	\$ <u>350</u>
17			
18			
19	Total Other Property & Investments.....	\$ <u>350</u>	\$ <u>350</u>
20			
21	CURRENT AND ACCRUED ASSETS		
22			
23	Cash and Working Funds (131).....	\$ <u>1,032</u>	\$ <u>9,880</u>
24	Temporary Cash Investments (132).....	\$	\$
25	Notes Receivable (141).....	\$	\$
26	Customer Accounts Receivable (142).....	\$ <u>30,474</u>	\$ <u>25,397</u>
27	Other Accounts Receivable (143).....	\$	\$
28	Accum. Prov. For Uncollectible Accts.-Cr.(144)	\$	\$
29	Notes Receivable From Assoc. Companies (145)..	\$	\$
30	Accounts Receivable From Assoc. Companies(146)	\$	\$
31	Materials and Supplies (150).....	\$	\$
32	Prepayments (166).....	\$ <u>2,106</u>	\$ <u>2,098</u>
33	Other Current and Accrued Assets (170).....	\$	\$
34			
35			
36			
37	Total Current and Accrued Assets.....	\$ <u>33,612</u>	\$ <u>37,375</u>
38			
39	DEFERRED DEBITS		
40			
41	Unamortized Debt Discount and Expense (181)...	\$	\$
42	Extraordinary Property Losses (182).....	\$	\$
43	Other Deferred Debits (183).....	\$ <u>89,365</u>	\$ <u>69,183</u>
44			
45			
46			
47	Total Deferred Debits.....	\$ <u>89,365</u>	\$ <u>69,183</u>
48			
49			
50	<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$ <u>201,467</u></b>	<b>\$ <u>166,570</u></b>

**BALANCE SHEET**

Line No.	LIABILITIES AND OTHER CREDITS	Balance First Of Year	Balance Last Of Year
1			
2	EQUITY CAPITAL		
3			
4	Common Capital Stock (201).....	\$ 2,000	\$ 2,000
5	Preferred Capital Stock (204).....	\$ _____	\$ _____
6	Other Paid-In Capital (207).....	\$ _____	\$ _____
7	Discount on Capital Stock (213).....	\$ _____	\$ _____
8	Capital Stock Expense (214).....	\$ _____	\$ _____
9	Appropriated Retained Earnings (215) .....	\$ _____	\$ _____
10	Unappropriated Retained Earnings (216).....	\$ 561,691	\$ 585,326
11	Non-Corporate Proprietorship (218).....	\$ _____	\$ _____
12	Total Equity Capital.....	\$ 559,691	\$ 583,326
13			
14	LONG TERM DEBT		
15			
16	Bonds (221).....	\$ _____	\$ _____
17	Advances From Associated Companies (223).....	\$ _____	\$ _____
18	Other Long Term Debt (224).....	\$ _____	\$ _____
19	Total Long Term Debt.....	\$ _____	\$ _____
20			
21	CURRENT AND ACCRUED LIABILITIES		
22			
23	Notes Payable (231).....	\$ 27,851	\$ 47,580
24	Accounts Payable (232).....	\$ 53	\$ 5,609
25	Notes Payable to Associated Companies (233)...	\$ _____	\$ _____
26	Accounts Payable to Assoc. Companies (234)....	\$ _____	\$ _____
27	Customer Deposits (235).....	\$ _____	\$ _____
28	Taxes Accrued (236).....	\$ 175	\$ 175
29	Interest Accrued (237).....	\$ _____	\$ _____
30	Other Current and Accrued Liabilities (238)...	\$ 188,687	\$ 152,140
31	Total Current and Accrued Liabilities...	\$ 216,766	\$ 205,504
32			
33	DEFERRED CREDITS		
34			
35	Advances for Construction (252).....	\$ _____	\$ _____
36	Other Deferred Credits (253).....	\$ _____	\$ _____
37	Accum. Deferred Investment Tax Credits (255)..	\$ _____	\$ _____
38	Total Deferred Credits.....	\$ _____	\$ _____
39			
40	Operating Reserves (261-265).....	\$ _____	\$ _____
41			
42	Contributions in Aid of Construction (271)....	\$ 544,392	\$ 544,392
43			
44	ACCUMULATED DEFERRED INCOME TAXES		
45			
46	Accum. Def. Income Taxes - Accel. Amort (281)..	\$ _____	\$ _____
47	Accum. Def. Income Taxes - Lib. Amort (282)...	\$ _____	\$ _____
48	Accum. Def. Income Taxes - Others (283).....	\$ _____	\$ _____
49	Total Accum. Deferred Income Taxes.....	\$ _____	\$ _____
50	TOTAL LIABILITIES AND OTHER CREDITS	\$ 201,467	\$ 166,510