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Mark David Goss  
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Vice Chairman

August 4, 2006

Julie K. Tinnell  
Shadow Wood Waste Environmental, LLC  
13404 Creekview Road  
Post Office Box 83  
Prospect, Kentucky 40059

Re: Case No. 2004-00364

Dear Ms. Tinnell:

In Case No. 2004-00364, the Commission approved Shadow Wood Waste Environmental, LLC's ("Shadow Waste") purchase of the wastewater treatment facilities of Shadow Wood Subdivision Sewer Service ("Shadow Sewer"). The journal entry recording the transfer was filed on March 4, 2005. In its letter of March 9, 2005, Commission Staff ("Staff") noted several necessary corrections to that entry to ensure the transaction was properly recorded. Based upon its review of Shadow Waste's 2005 Annual Report for the Calendar Year Ending December 31, 2005, Commission Staff is of the opinion that Shadow Waste did not record the transfer correctly.

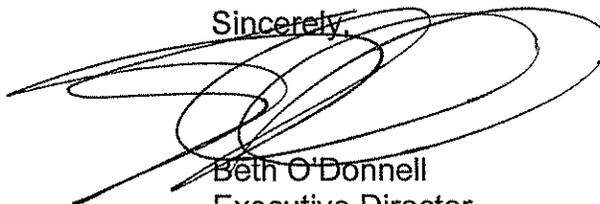
Commission Staff's review of the annual report revealed the following problems:

- Utility Plant in Service appears to have been recorded at the purchase price instead of the original cost of the transferred assets.
- The accumulated depreciation amount that Staff calculated in the transfer case does not appear to have been transferred from Shadow Sewer to Shadow Waste.
- The plant acquisition adjustment does not appear to be recorded on the annual report.
- The amount recorded as contributions in aid of construction exceeds the amount transferred from Shadow Sewer.

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Please correct the 2005 annual report and resubmit the corrected pages within 20 days of the date of this letter. If you have any questions, please call Daniel Hinton of the Commission Staff at (502) 564-3940, extension 276.

Sincerely,

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the bottom.

Beth O'Donnell  
Executive Director

cc: Case File No. 2004-00364  
David E. Spenard, Esq.