

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | | |
|---------------------------------|---|------------|
| ALLEGED FAILURE OF LEVEE ROAD |) | CASE NO. |
| WATER ASSOCIATION, INC. TO FILE |) | 2011-00340 |
| REQUIRED REPORTS |) | |

NOTICE OF FILING

Notice is given to all parties that the following materials have been filed into the record of this proceeding:

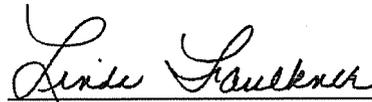
- The digital video recording of the show cause hearing conducted on October 27, 2011 in this proceeding;
- Certification of the accuracy and correctness of the digital video recording;
- All exhibits introduced at the show cause hearing conducted on October 27, 2011 in this proceeding;
- The written log listing, *inter alia*, the date and time of where each witness' testimony begins and ends on the digital video recording of the hearing conducted on October 27, 2011.

A copy of this Notice, the certification of the digital video record, exhibit list, and hearing log have been served by first class mail upon all persons listed at the end of this Notice. Parties desiring an electronic copy of the digital video recording of the hearing in Windows Media format may download a copy at http://psc.ky.gov/av_broadcast/2011-00315-thru-00349/2011-00315-thru-00349_27Oct11_Inter.aspx. Parties wishing an

annotated digital video recording may submit a written request by electronic mail to pscfilings@ky.gov. A minimal fee will be assessed for a copy of this recording.

The exhibits introduced at the evidentiary hearing may be downloaded at <http://psc.ky.gov/pscscf/2011%20cases/2011-00340/>.

Done at Frankfort, Kentucky, this 3rd day of November 2011.



Linda Faulkner
Linda Faulkner
Director, Filings Division
Public Service Commission of Kentucky

Brenda Murphy
Secretary / Treasurer
Levee Road Water Association, Inc.
4681 Levee Road
Mt. Sterling, KY 40353

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

INVESTIGATION OF THE FAILURE TO
FILE REQUIRED REPORTS – SHOW
CAUSE HEARINGS

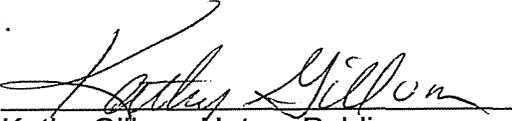
)
)
) CASE NOS. 2011-00340
)

CERTIFICATE

I, Kathy Gillum, hereby certify that:

1. The attached DVD contains a digital recording of the show cause hearings conducted in the above-styled proceeding on October 27, 2011;
2. I am responsible for the preparation of the digital recording;
3. The digital recording accurately and correctly depicts the hearing;
4. The "Exhibit List" attached to this Certificate correctly lists all Exhibits introduced at the hearings on October 27, 2011.
5. The "Hearing Log" attached to this Certificate accurately and correctly states the events that occurred at the hearings of October 27, 2011 and the time at which each occurred.

Given this 31st day of October, 2011.


Kathy Gillum, Notary Public
State at Large

My commission expires: Sept 3, 2013



Case History Log Report

Case Number: 2011-00315_thru_00349_27Oct11

Case Title: Show Cause Hearings (Multi Cases)
Case Type: Other
Department:
Plaintiff:
Prosecution:
Defendant:
Defense:

Date: 10/27/2011

Location: Default Location
Judge: Jim Wood
Clerk: Kathy Gillum
Bailiff:

| Event Time | Log Event | |
|-------------|--------------------------------------|---|
| 10:07:23 AM | Case Started | |
| 10:07:29 AM | Preliminary Comments | |
| 10:08:29 AM | Introductions | |
| | Note: Kathy Gillum | James Wood, Hearing Officer; Shane Benson, Staff Attorney; and Jeff Cline, Annual Reports Branch PSC. |
| 10:08:50 AM | Case No. 2011-00349 (Woodland Acres) | |
| | Note: Kathy Gillum | Woodland Acres counsel is willing to stipulate to Mr. Clines Testimony. |
| 10:09:41 AM | Robert Moore (Woodland Acres) | |
| | Note: Kathy Gillum | Mr. Moore is counsel for Woodland Acres) Mr. Moore agrees to stipulate to Mr. Cline's testimony. Mr. Moore requested to add info into record: Mr. Moore stated that PSC Order issued indicated that Woodland Acres did not file annual reports; May 3, 2010 Woodland Acres LLC filed application for transfer with the PSC. On 9-1-10 the PSC approved the application for transfer. Woodland Acres Utilities did not take ownership until 9-1-10. John Ford previously operated Woodland Acres Sanitation until Woodland Acres Utilities took it over. Mr. Ford passed away 10-9-08 and he was the sole shareholder and operator of Woodland Acres Sanitation which was administratively dissolved by Sec. of State. Does not believe that Woodland Acres Utilities should file reports prior to 2010. Motion filed for an extension of time to file the reports (due Nov 30th). \$250.00 check was tendered by counsel to the PSC today. (See Exhibit 2011-00349 PSC Exhibit 2 for receipt and copy of check) |
| 10:14:42 AM | Hearing Officer Wood (PSC) | |
| | Note: Kathy Gillum | James Wood, PSC Hearing Officer |
| 10:14:57 AM | Robert Moore (Woodland Acres) | |
| | Note: Kathy Gillum | Incorporates the reference of case number 2010-00191. |
| 10:15:41 AM | Hearing Officer Wood (PSC) | |
| | Note: Kathy Gillum | Oral Motion duly noted |
| 10:15:58 AM | Shane Benson (PSC) | |
| | Note: Kathy Gillum | No objection. |

| | | |
|-------------|--|--|
| 10:16:04 AM | Exhibit PSC 1 Note: Kathy Gillum | Exhibit: Written testimony of Jeff Cline introduced by Shane Benson and marked as PSC Exhibit 1. |
| 10:16:29 AM | Case Completed | |
| 10:17:30 AM | Case No. 2011-00338 (Green Hills WD) | |
| 10:17:50 AM | Witness, Jeff Cline (PSC) Note: Kathy Gillum | Witness called to testify by Shane Benson. Witness sworn. Witness testifies to job title and duties. |
| 10:19:03 AM | Exhibit PSC 1 Note: Kathy Gillum | Exhibit: Written testimony of Jeff Cline introduced by Shane Benson as PSC Exhibit 1. |
| 10:20:37 AM | Examination by Shane Benson (PSC) Note: Kathy Gillum | Witness adopts written testimony. Witness testified that notice was received by utility. Witness states that at 9:25 p.m. yesterday the electronic copy was filed. Still missing the hard copy of the 2009 Annual Report, the 2009 GOR and the 2010 Report. |
| 10:21:44 AM | Witness Excused (Cline) | |
| 10:22:04 AM | Witness, Sherry Turner (Green Hills WD) Note: Kathy Gillum | Witness called to testify by Shane Benson. Witness sworn. |
| 10:22:51 AM | Examination of witness by Shane Benson (PSC) Note: Kathy Gillum | Questions regarding job title and duties of witness. Witness states that the CPA has failed to file the WD's required reports. Witness states that a \$250.00 money order was mailed to the PSC, witness has a copy of the money order receipt and express mail receipt. |
| 10:24:47 AM | Exhibit Green Hills 1 Note: Kathy Gillum | Exhibit: Original money order receipt and Express Mail Receipt was introduced by Sherry Turner on behalf of Green Hills WD indicating the mailing of \$250.00 penalty check to the PSC. |
| 10:26:09 AM | Examination by Shane Benson (PSC) continues Note: Kathy Gillum | Questions regarding whether witness has attempted to contact CPA regarding filing the reports. Witness asks for an extension of time in order to file the reports. Witness states that the WD is in process of firing the CPA and hiring a new CPA to replace him. Witness asks for 60 day extension. Witness asks about what to do. |
| 10:28:26 AM | Shane Benson (PSC) Note: Kathy Gillum | Mr. Benson stipulates that Ms. Turner did cut a \$250.00 money order and sent to the PSC. The green card was signed by PSC staff, but the money order has not been found. Instructs witness to cancel the money order and issue a new one. |
| 10:30:05 AM | Witness Excused (Turner) | |
| 10:30:38 AM | Shane Benson (PSC) | |
| 10:30:49 AM | Recess Note: Kathy Gillum | Case recessed for 15 minutes to allow for parties to arrive |
| 10:31:06 AM | Case Recessed | |
| 10:52:45 AM | Case Started | |
| 10:52:51 AM | Hearing Officer Wood (PSC) Note: Kathy Gillum | Back on the record. |
| 10:53:15 AM | Case No. 2011-00315 (B & H Gas) | |
| 10:53:37 AM | Witness, Jeff Cline (PSC) Note: Kathy Gillum | Reminder that witness is still under oath. |

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| 10:54:02 AM | Examination by Shane Benson (PSC) Note: Kathy Gillum | Witness called to testify by Shane Benson. Witness testifies as to written testimony. Examination of witness, Jeff Cline, conducted by Shane Benson, PSC, on all cases from this point forward. |
| 10:54:51 AM | Exhibit PSC 1 Note: Kathy Gillum | Exhibit: Written testimony of Jeff Cline introduced by Shane Benson as PSC Exhibit 1. Witness adopts written testimony. Witness testifies that notice was received by B & H Gas. Witness states that B & H failed to file required reports. |
| 10:56:55 AM | Hearing Officer Wood (PSC) Note: Kathy Gillum | Case completed |
| 10:57:11 AM | Case No. 2011-00317 (Atrium Wireless) | |
| 10:57:34 AM | Witness, Jeff Cline (PSC) Note: Kathy Gillum | Adopts written testimony. Witness testifies that notice was received. |
| 10:58:04 AM | Exhibit PSC 1 Note: Kathy Gillum | Exhibit: Written testimony of Jeff Cline introduced by Shane Benson and marked as PSC Exhibit 1. |
| 10:59:54 AM | Hearing Officer Wood (PSC) Note: Kathy Gillum | Case completed |
| 11:00:05 AM | Case No. 2011-00322 (TracFone Wireless) | |
| 11:00:21 AM | Witness, Jeff Cline (PSC) Note: Kathy Gillum | Adopts written testimony. Witness testifies that notice was received by utility. |
| 11:01:38 AM | Exhibit PSC 1 Note: Kathy Gillum | Exhibit: Written testimony of Jeff Cline introduced by Shane Benson and marked as PSC Exhibit 1. |
| 11:02:14 AM | Shane Benson (PSC) Note: Kathy Gillum | Asks for an Order |
| 11:02:33 AM | Hearing Officer Wood (PSC) Note: Kathy Gillum | Motion duly noted. |
| 11:03:25 AM | Case No. 2011-00326 (INS) | |
| 11:03:38 AM | Witness, Jeff Cline (PSC) Note: Kathy Gillum | Witness adopts written testimony. Witness testifies that notice was received by utility. |
| 11:04:20 AM | Exhibit PSC 1 Note: Kathy Gillum | Exhibit: Written testimony of Jeff Cline introduced by Shane Benson and marked as PSC Exhibit 1. |
| 11:06:07 AM | Hearing Officer Wood (PSC) Note: Kathy Gillum | Case completed. |
| 11:06:23 AM | Case No. 2011-00327 (Jilapuhn-Stateside) | |
| 11:06:41 AM | Witness, Jeff Cline (PSC) Note: Kathy Gillum | Witness adopts written testimony. Witness testifies no return receipt received yet. |
| 11:07:27 AM | Exhibit PSC 1 Note: Kathy Gillum | Exhibit: Written testimony of Jeff Cline introduced by Shane Benson and marked as PSC Exhibit 1. |
| 11:09:22 AM | Hearing Officer Wood (PSC) Note: Kathy Gillum | Case completed. |
| 11:09:38 AM | Case No. 2011-00328 (TeleDias) | |
| 11:09:46 AM | Witness, Jeff Cline (PSC) Note: Kathy Gillum | Witness adopts written testimony. Witness testifies that notice was received by utility. |

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| 11:10:32 AM | Exhibit PSC 1 Note: Kathy Gillum | Exhibit: Written testimony of Jeff Cline introduced by Shane Benson and marked as PSC Exhibit 1. |
| 11:12:19 AM | Exhibit PSC 2 Note: Kathy Gillum | Letter requests withdrawal of its CLEC in Kentucky. |
| 11:13:22 AM | Case No. 2011-00329 (Tel-Tech) | |
| 11:13:35 AM | Witness, Jeff Cline (PSC) Note: Kathy Gillum | Witness adopts written testimony. Witness testifies that notice was received by the utility. |
| 11:14:14 AM | Exhibit PSC 1 Note: Kathy Gillum | Exhibit: Written testimony of Jeff Cline introduced by Shane Benson and marked as PSC Exhibit 1. |
| 11:15:55 AM | Hearing Officer Wood (PSC) Note: Kathy Gillum | Case completed. |
| 11:16:08 AM | Case No. 2011-00331 (Airnex) | |
| 11:16:24 AM | Witness, Jeff Cline (PSC) Note: Kathy Gillum | Witness adopts written testimony. Witness testifies . |
| 11:17:21 AM | Exhibit PSC 1 Note: Kathy Gillum | Exhibit: Written testimony of Jeff Cline introduced by Shane Benson and marked as PSC Exhibit 1. |
| 11:19:17 AM | Hearing Officer Wood (PSC) | |
| 11:19:23 AM | Case No. 2011-00333 (American Broadband) | |
| 11:19:40 AM | Witness, Jeff Cline (PSC) Note: Kathy Gillum | Witness adopts written testimony. Witness testifies that notice was received by utility. |
| 11:20:28 AM | Exhibit PSC 1 Note: Kathy Gillum | Exhibit: Written testimony of Jeff Cline introduced by Shane Benson and marked as PSC Exhibit 1. |
| 11:21:59 AM | Hearing Officer Wood (PSC) Note: Kathy Gillum | Case completed. |
| 11:22:13 AM | Case No. 2011-00334 (Andiamo) | |
| 11:22:29 AM | Witness, Jeff Cline (PSC) Note: Kathy Gillum | Witness adopts written testimony. Witness testifies notice was mailed to utility, but PSC has not received a return receipt. On Oct 21, 2011 PSC received a letter that utility stopped all activity. |
| 11:23:20 AM | Exhibit PSC 1 Note: Kathy Gillum | Exhibit: Written testimony of Jeff Cline introduced by Shane Benson and marked as PSC Exhibit 1. |
| 11:25:24 AM | Hearing Officer Wood (PSC) Note: Kathy Gillum | Mr. Wood stated that a copy of the letter should be placed in the record of this hearing as an exhibit. |
| 11:26:22 AM | Exhibit PSC 2 Note: Kathy Gillum | Exhibit: Copy of letter dated 10-18-11 from Jeffrey S. Kaufman on behalf of Andiamo Telecom stating it was no longer in business as of January 31, 2010, introduced by Shane Benson and marked as PSC Exhibit 2.. |
| 11:27:00 AM | Case NO. 2011-00337 (Center Ridge) | |
| 11:27:10 AM | Witness Note: Kathy Gillum | Witness adopts written testimony. Witness testifies that notice was received by utility. |
| 11:27:15 AM | Exhibit PSC 1 Note: Kathy Gillum | Exhibit: Written testimony of Jeff Cline introduced by Shane Benson and marked as PSC Exhibit 1. |

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| 11:28:50 AM | Hearing Officer Wood (PSC) Note: Kathy Gillum | Case completed. |
| 11:29:28 AM | Case Recessed | |
| 11:34:16 AM | Case Resumed | |
| 11:34:20 AM | Case No. 2011-00340 (Levee Road) | |
| 11:35:01 AM | Witness, Jeff Cline (PSC) Note: Kathy Gillum | Witness adopts written testimony Witness testifies that notice was received. Filed 10-20-11 and \$250.00 penalty. |
| 11:35:38 AM | Exhibit PSC 1 Note: Kathy Gillum | Exhibit: Written testimony of Jeff Cline introduced by Shane Benson and marked as PSC Exhibit 1. |
| 11:37:43 AM | Hearing Officer Wood (PSC) Note: Kathy Gillum | Case completed. |
| 11:37:55 AM | Case No. 2011-00341 (Estill Co. WD) | |
| 11:38:20 AM | Witness, Jeff Cline (PSC) Note: Kathy Gillum | Witness adopts written testimony. Witness testifies that notice was received by the utility. |
| 11:39:03 AM | Exhibit PSC 1 Note: Kathy Gillum | Exhibit: Written testimony of Jeff Cline introduced by Shane Benson and marked as PSC Exhibit 1. |
| 11:40:49 AM | Shane Benson (PSC) Note: Kathy Gillum | Received a Motion for Extension of Time to file reports. Order granting Motion issued 10-26-11. Have until Nov. 30th. |
| 11:41:38 AM | Hearing Officer Wood (PSC) Note: Kathy Gillum | Case completed. |
| 11:42:14 AM | Case No. 2011-00347 (Red Barn) | |
| 11:42:26 AM | Witness, Jeff Cline (PSC) Note: Kathy Gillum | Witness adopts written testimony. Witness testifies no return |
| 11:43:09 AM | Exhibit PSC 1 Note: Kathy Gillum | Exhibit: Written testimony of Jeff Cline introduced by Shane Benson and marked as PSC Exhibit 1. |
| 11:45:10 AM | Hearing Officer Wood (PSC) Note: Kathy Gillum | Case completed |
| 11:45:22 AM | Shane Benson (PSC) Note: Kathy Gillum | Commission staff rests. |
| 11:45:46 AM | Hearing Officer Wood (PSC) - Hearing Adjourned Note: Kathy Gillum | Mr. Wood states for the record that there were no persons appearing in any of the cases called today with the exception of Case No. 2011-00349 and 2011-00338. Hearing Adjourned. |
| 11:46:21 AM | Case Recessed | |
| 10:16:28 AM | Exhibit PSC 2 Note: Kathy Gillum | Copy of check (\$250.00) tendered by Mr. Moore on behalf of utility, and a copy of PSC receipt dated 10-27-11 |
| 3:19:15 PM | Case Stopped | |



Exhibit List Report

Case Number: 2011-00315 thru 00349_27Oct11

Case Title: Show Cause Hearings (Multi Cases)

Department:

Plaintiff:

Prosecution:

Defendant:

Defense:

| Name | Description |
|-------------------------------------|---|
| 2011-00315 PSC Exhibit 1 | Written testimony of Jeff Cline and attachments |
| 2011-00317 PSC Exhibit 1 | Written testimony of Jeff Cline and attachments |
| 2011-00322 PSC Exhibit 1 | Written testimony of Jeff Cline and attachments |
| 2011-00326 PSC Exhibit 1 | Written testimony of Jeff Cline and attachments |
| 2011-00327 PSC Exhibit 1 | Written testimony of Jeff Cline and attachments |
| 2011-00328 PSC Exhibit 1 | Written testimony of Jeff Cline and attachments |
| 2011-00328 PSC Exhibit 2 | Letter from Teledias Communications dated 10-26-11 requesting withdrawal of its CLEC Certificate of Authority in Kentucky |
| 2011-00329 PSC Exhibit 1 | Written testimony of Jeff Cline and attachments. |
| 2011-00331 PSC Exhibit 1 | Written testimony of Jeff Cline and attachments. |
| 2011-00333 PSC Exhibit 1 | Written testimony of Jeff Cline and attachments. |
| 2011-00334 PSC Exhibit 1 | Written testimony of Jeff Cline and attachments. |
| 2011-00334 PSC Exhibit 2 | Copy of letter dated 10-18-11 from Jeffrey S. Kaufman on behalf of Andiamo Telecom stating it was no longer in business as of January 31, 2010. |
| 2011-00337 PSC Exhibit 1 | Written testimony of Jeff Cline and attachments |
| 2011-00338 Green Hills WD Exhibit 1 | Original money order receipt and express mail receipt indicating the mailing of \$250.00 penalty check |
| 2011-00338 PSC Exhibit 1 | Written testimony of Jeff Cline and attachments |
| 2011-00340 PSC Exhibit 1 | Written testimony of Jeff Cline and attachments |
| 2011-00341 PSC Exhibit 1 | Written testimony of Jeff Cline and attachments |
| 2011-00347 PSC Exhibit 1 | Written testimony of Jeff Cline and attachments |
| 2011-00349 PSC Exhibit 1 | Written testimony of Jeff Cline and attachments |
| 2011-00349 PSC Exhibit 2 | Copy of check (\$250.00) tendered by Mr. Moore on behalf of utility, and a copy of PSC receipt dated 10-27-11 |

1 **Q1 State your name and business address.**

2 A Jeff Cline, Public Service Commission, 211 Sower Boulevard, Frankfort,
3 Kentucky 40601

4 **Q2 Who is your employer?**

5 A Public Service Commission of Kentucky ("PSCKY")

6 **Q3 How long has the PSCKY employed you?**

7 A I have been an employee of the PSCKY since August, 1997.

8 **Q4 What is your current position?**

9 A Annual Report Branch Manager

10 **Q5 As the Annual Report Branch Manager, what are your duties?**

11 A I oversee the Annual Report Branch of the Filings Division. This branch is
12 responsible for the compilation and dissemination of statistical information on
13 the public utilities which the PSCKY regulates. It provides the appropriate
14 annual financial and statistical report form to all jurisdictional utilities and then
15 receives completed report forms, reviews them for accuracy and
16 completeness, and ensures that the information from the annual financial and
17 statistical report form is correctly entered into the PSCKY's E-Filing System,
18 which is accessible through the PSCKY's Web Site.

19 Although the Executive Director of the PSCKY is the custodian of PSCKY
20 documents and reports, I have been delegated responsibility for storing and
21 maintaining the completed annual financial and statistical reports.

1 **Q6 What are the Annual Financial and Statistical Reports?**

2 A 807 KAR 5:006, Section 3(1), provides that "utilities shall file annually a
3 financial and statistical report upon forms to be furnished by the commission."
4 A copy of the form provided to a Water Association is attached to my
5 testimony as Exhibit JC-1. The report requests information on a wide range of
6 subjects, to include a utility's officers, income and expenses, and its liabilities.
7 The report form varies according to the type of utility. The report form for an
8 electric utility will be quite different from the report form for a sewer utility.

9 **Q7 What is the purpose of the Annual Financial and Statistical Reports?**

10 A These reports are used to assess the financial condition of a utility and to
11 monitor general trends within certain segments of the utility industry in
12 Kentucky. They are also used to compile and develop information about the
13 utility industry conditions. The PSCKY frequently uses them when reviewing
14 utility applications for rate adjustments.

15 **Q8 How are the forms for the Annual Financial and Statistical Report**
16 **provided to the utilities?**

17 A In mid-December each year, the Annual Report Branch sends by first class
18 mail a copy of an annual financial and statistical report form to each utility
19 subject to PSCKY jurisdiction that does not yet use the PSCKY's E-Filing
20 System. A transmittal letter accompanies the reports explaining why this
21 report must be filed and states its filing deadline. For the utilities that have
22 previously filed their annual financial and statistical reports using the PSCKY's

1 E-Filing System, a link to the E-Filing System is provided in the transmittal
2 letter in lieu of a paper copy of the report form.

3 **Q9 What is the deadline for filing this report?**

4 A 807 KAR 5:006, Section 3(1) establishes March 31 as the deadline for the
5 annual financial and statistical reports.

6 **Q10 May a utility request an extension of these deadlines?**

7 A 807 KAR 5:006, Section 3, permits the Executive Director to grant a
8 reasonable extension of time for filing of the annual financial and statistical
9 reports where good cause has been shown. The Executive Director has
10 delegated to me the authority to grant extensions.

11 **Q11 Does the transmittal letter advise about the availability of an extension of
12 time for filing the Annual Financial and Statistical Reports?**

13 A Yes.

14 **Q12 How frequently is a request for an extension of time to file the Annual
15 Financial and Statistical Report granted?**

16 A Extensions are granted as a matter of course. They are normally granted in
17 30-day increments. If a utility is unable to meet the extended deadline, it may
18 request another extension.

19 **Q13 If a utility fails to meet the March 31 deadline and no request for
20 extension is made, what happens?**

21 A The Annual Report Branch will usually advise the utility in writing that the
22 required reports are delinquent. If the reports are not received shortly
23 thereafter, I and my subordinates may telephone the responsible utility officials

1 and advise them of the need to submit the required report and the possible
2 consequences of failing to do so. We may telephone the utility several times
3 over the next few months in an effort to obtain the reports.

4 **Q14 Once the report is received, what does the Annual Report Branch do with**
5 **it?**

6 A When a report is received either electronically or through the mail, its receipt is
7 recorded in a PSC electronic database. I and my subordinates ensure that the
8 report is entered into the E-Filing System. (If the E-Filing System is used to
9 submit the report, the utility inputs the information directly into the PSCKY's
10 E-Filing System. If the utility files its report in paper form rather than using the
11 E-Filing System, Annual Report Branch personnel will input the information
12 into the E-Filing System.) The report is then reviewed for completeness and
13 accuracy. It is checked for mathematical errors. All corresponding schedules
14 are reviewed to ensure internal consistency. If inconsistencies or
15 miscalculations are found, the utility is advised to make appropriate
16 corrections. These corrections are then reviewed. After the review is
17 completed, the report is made available for viewing and downloading through
18 the PSCKY's Web Site. A paper copy is available for public inspection at the
19 PSCKY's office in Frankfort, Kentucky. Completed reports remain in the
20 custody and control of the Annual Report Branch at the PSCKY's office in
21 Frankfort, Kentucky.

22 **Q15 Was an Annual Financial and Statistical Report Form for the 2010**
23 **calendar year sent to Levee Road Water Association, Inc.?**

1 A On December 15, 2010, in lieu of a paper copy of the annual financial and
2 statistical report, a reminder letter providing the link to the E-Filing System was
3 sent by U. S. Mail to Levee Road Water Association, Inc. at the following
4 address: 4681 Levee Road, Mount Sterling, Kentucky 40353. This address is
5 the mailing address which the utility had provided previously to the
6 Commission. 807 KAR 5:003 requires Levee Road Water Association, Inc. to
7 maintain a current mailing address with the PSCKY.

8 **Q16 Was anything besides this form mailed to the utility?**

9 A Yes. A transmittal letter was also mailed to the utility along with two copies of
10 the Annual Gross Operating Report. A copy of the transmittal letter is attached
11 as Exhibit JC-2.

12 **Q17 Did the PSCKY receive the completed form on or before March 31, 2011?**

13 A No. Levee Road Water Association, Inc. did not submit the annual financial
14 and statistical report form for the 2010 calendar year nor provided the
15 information through the PSC E-Filing System by March 31.

16 **Q18 Describe what efforts, if any, that you and your subordinates have taken
17 to obtain the report from Levee Road Water Association, Inc.?**

18 A A letter was sent to Levee Road Water Association, Inc., on May 2, 2011. A
19 follow-up letter was sent on June 27, 2011.

20 **Q19 As of this date, has the Annual Financial and Statistical Report for
21 calendar year 2010 for Levee Road Water Association, Inc. been filed
22 with the PSCKY?**

23 A Yes. The report was e-filed on October 18, 2011. A hard copy of the report

1 was received on October 20, 2011. The \$250.00 penalty for failure to file the
2 report by March 31, 2011 was received October 26, 2011.

3 **Q22 Does this complete your written testimony?**

4 A Yes.

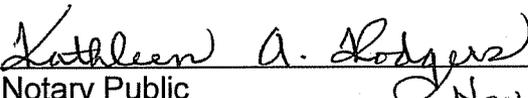


Jeff Cline

COMMONWEALTH OF KENTUCKY)

COUNTY OF FRANKLIN)

SUBSCRIBED AND SWORN to before me by Jeff Cline, this 26th day of
October 2011.



Notary Public *Nov. 12, 2012*
My commission expires ~~12 February 2013.~~

Water Districts/Associations - Class C

Annual Report

Of

Exact Legal Name of Reporting Utility

(Address of Utility)

TO THE
PUBLIC SERVICE COMMISSION
OF THE
COMMONWEALTH OF KENTUCKY

FOR THE CALENDAR YEAR ENDED DECEMBER 31, 20_____

CHECKLIST FOR THE ANNUAL REPORT
 FOR CLASS C WATER DISTRICTS AND WATER ASSOCIATIONS
 TO BE COMPLETED AND RETURNED WITH THE ANNUAL REPORT

| <u>Page No.</u> | <u>Account No.</u> | | <u>Page No.</u> | | Yes | No | If No, Explain Why |
|-----------------|--|-------------|-----------------|---|-----|----|--------------------|
| 4-6 | The identification pages have been completed | | | | | | |
| 7 | 101-105 | agrees with | 11 | Total 101-105 | | | |
| 7 | 108 | agrees with | 11 | Beginning and Ending Balance 108 | | | |
| 7 | 108 | agrees with | 13 | Total 301-348 Cols c & h | | | |
| 7 | 114-115 | agrees with | 14 | Net Balance 114-115 | | | |
| 7 | 124 | agrees with | 14 | Total 124 | | | |
| 7 | 141-143 | agrees with | 15 | Net Balance 141-143 | | | |
| 7 | 186 | agrees with | 15 | Total 186 | | | |
| 8 | 215.1 | agrees with | 10 | Total 215.1 | | | |
| 8 | 215.2 | agrees with | 10 | Total 215.2 | | | |
| 8 | 224 | agrees with | 16 & 17 | Total 224 Col f Page 16 + Total 224 Col 4 Page 17 | | | |
| 8 | 232 | agrees with | 18 | Total 232, Col f | | | |
| 8 | 236 | agrees with | 18 | Beginning and Ending Balance 236 | | | |
| 8 | 237 | agrees with | 19 | Total 237 Cols b & e | | | |
| 8 | 242 | agrees with | 19 | Total 242 | | | |
| 8 | 252 | agrees with | 16 | Beginning and Ending Balance 252 | | | |
| 9 | 400 | agrees with | 21 | Total Water Operating Revenue, Col e | | | |
| 9 | 401 | agrees with | 22 | Total 601-675 Col c | | | |
| 9 | 408 | agrees with | 18 | Total Taxes Accrued 408 Col c | | | |
| 9 | 427 | agrees with | 19 | Total Col c | | | |
| 9 | Net Income Before Contributions | agrees with | 10 | Balance Transferred from Net Income Before Contributions | | | |

CHECKLIST FOR THE ANNUAL REPORT
 FOR CLASS C WATER DISTRICTS AND WATER ASSOCIATIONS
 TO BE COMPLETED AND RETURNED WITH THE ANNUAL REPORT

| <u>Page No.</u> | <u>Account No .</u> | <u>Page No.</u> | Yes | No | If No, Explain Why |
|-----------------|--|---|-----|----|--------------------|
| 11 | 101 agrees with | 12 Total 301-348 Col f | | | |
| 12 | The analysis of water utility plant accounts Cols c through f has been completed | | | | |
| 13 | The analysis of accumulated depreciation and amortization by primary account has been completed. | | | | |
| 16 | Schedule of Long-Term Debt has been completed | | | | |
| 17 | Schedule of Bond Maturities has been completed | | | | |
| 17 | Total Col 12 agrees with | 17 Total Col 4 | | | |
| 21 | Taxes collected (example: school tax, sales tax, franchise tax) have been excluded from Revenue and Expenses | | | | |
| 21 | The analysis of water operating revenue Cols c, d, and e has been completed | | | | |
| 22 | The analysis of water utility expense has been completed | | | | |
| 23 | Schedule of Pumping and Purchased Water Statistics has been completed. | | | | |
| 24 | 466 Line 8 agrees with | 24 Line 11 | | | |
| 23 | Total Col (d) agrees with | 24 Line 4, Total Produced and Purchased | | | |
| 23 | Total Col (e) agrees with | 24 Line 13, Total Water Sales | | | |
| | Oath page has been completed | | | | |

PUBLIC SERVICE COMMISSION OF KENTUCKY
PRINCIPAL PAYMENT AND INTEREST INFORMATION
FOR THE YEAR ENDING DECEMBER 31, 20_____

1. Amount of Principal Payment during calendar year \$ _____
2. Is Principal Current? (Yes) _____ (No) _____
3. Is Interest Current? (Yes) _____ (No) _____
4. Has all long-term debt been approved by the Public Service Commission?
(Yes) _____ (No) _____ PSC Case No. _____

SERVICES PERFORMED BY
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT ("CPA")

Are your financial statements examined by a Certified Public Accountant?

Yes _____ No _____

If yes, which service is performed?

Audit _____

Compilation _____

Review _____

Please enclose a copy of the accountant's report with the annual report

Additional Requested Information

Utility Name _____

Contact Person _____

Contact Person's E-Mail Address _____

Utility's Web Address _____

Please complete the above information, if it is available.

If there are multiple staff who may be contacts please include their names and e-mail addresses also.

Additional Information Required By Commission Orders

Provide any special information required by prior Commission orders, as well as any narrative explanations necessary to fully explain the data. Examples of the types of special information that may be required by Commission orders include surcharge amounts collected, refunds issued, and unusual debt repayments.

| Case # | Date Of Order | Item/Explanation |
|--------|---------------|------------------|
| | | |

Attach additional sheets if more room is required

MAJOR WATER PROJECTS

Instructions: Provide details about each major water project which is planned but has not yet been submitted for approval to the Public Service Commission. For the limited purpose of this report, a "Major Project" is defined as one which is not in the ordinary course of business, and which will increase your current utility plant by at least 20%.

Brief Project Description (improvement, replacement, building construction, expansion. If expansion, provide the estimated number of new customers):

Projected Costs and Funding Sources/Amounts:

Approval Status: (Application for financial assistance filed, but not approved; or application approved, but have not advertised for construction bids)

Location: (community, area or nearby roads)

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HISTORY

1. Exact name of utility making this report. (Use the words "The", "Company" or "Incorporated" only when a part of the corporate name.) _____

2. Give the location, street and number, and TELEPHONE NUMBER of the principal office in Kentucky. _____

3. Give name, title, address and TELEPHONE NUMBER of the officer to whom correspondence concerning this report should be addressed. _____

4. Date of organization. _____

5. If a consolidated or merged entity, name all previously separate entities.

6. Date for each consolidation and each merger. _____

7. State whether respondent is a water district or association.

8. Name all operating departments other than water.

9. Name of counties in which you furnish water service.

10. Give the number of employees:

Full-Time: _____ Part-Time: _____

REPORT OF

For Year Ended _____

Location of books and records: _____

Contacts

| Name | Title | Address | Salary Charged Utility |
|-------------------------|-------|---------|------------------------|
| Send Correspondence To: | | | \$ |
| Report Prepared by: | | | \$ |

Officers and Managers

| Name | Title | Home Address | Salary Charged Utility | Current Term Expires |
|------|-----------------|--------------|------------------------|----------------------|
| | Chairperson | | \$ | / / |
| | Treasurer | | \$ | / / |
| | Secretary | | \$ | / / |
| | Commissioner | | \$ | / / |
| | Commissioner | | \$ | / / |
| | Commissioner | | \$ | / / |
| | Commissioner | | \$ | / / |
| | Commissioner | | \$ | / / |
| | Commissioner | | \$ | / / |
| | Commissioner | | \$ | / / |
| | General Manager | | \$ | |
| | Office Manager | | \$ | |
| | | | \$ | |
| | | | \$ | |
| | | | \$ | |
| | | | \$ | |
| | | | \$ | |
| | | | \$ | |
| | | | \$ | |
| | | | \$ | |
| | | | \$ | |

COMPARATIVE BALANCE SHEET - ASSETS AND OTHER DEBITS

| ACCT. NO. (a) | ACCOUNT NAME (b) | REF. PAGE (c) | PREVIOUS YEAR (d) | CURRENT YEAR (e) |
|---------------------|---|---------------------|-------------------------|------------------------|
| | UTILITY PLANT | | | |
| 101-105 | Utility Plant..... | 11 | \$ _____ | \$ _____ |
| 108 | Less: Accumulated Depreciation And Amortization..... | 11,13 | \$ _____ | \$ _____ |
| | Net Plant..... | | \$ _____ | \$ _____ |
| 114-115 | Utility Plant Acquisition Adjustments (Net) | 14 | \$ _____ | \$ _____ |
| | Total Net Utility Plant..... | | \$ _____ | \$ _____ |
| | OTHER PROPERTY AND INVESTMENTS | | | |
| 121 | Nonutility Property..... | | \$ _____ | \$ _____ |
| 122 | Less: Accumulated Depreciation And Amortization..... | | \$ _____ | \$ _____ |
| | Net Nonutility Property..... | | \$ _____ | \$ _____ |
| 124 | Utility Investments..... | 14 | \$ _____ | \$ _____ |
| | Total Other Property & Investments... | | \$ _____ | \$ _____ |
| | CURRENT AND ACCRUED ASSETS | | | |
| 131 | Cash..... | | \$ _____ | \$ _____ |
| 132 | Special Deposits..... | | \$ _____ | \$ _____ |
| 141-143 | Accounts Receivable, Less Accumulated Provision for Uncollectible Accounts..... | 15 | \$ _____ | \$ _____ |
| 151 | Plant Materials and Supplies..... | | \$ _____ | \$ _____ |
| 174 | Misc. Current and Accrued Assets..... | | \$ _____ | \$ _____ |
| | Total Current and Accrued Assets | | \$ _____ | \$ _____ |
| | DEFERRED DEBITS | | | |
| 186 | Misc. Deferred Debits..... | 15 | \$ _____ | \$ _____ |
| | Total Deferred Debits..... | | \$ _____ | \$ _____ |
| | TOTAL ASSETS AND OTHER DEBITS..... | | \$ _____ | \$ _____ |

COMPARATIVE BALANCE SHEET - EQUITY CAPITAL AND LIABILITIES

| ACCT. NO. (a) | ACCOUNT NAME (b) | REF. PAGE (c) | PREVIOUS YEAR (d) | CURRENT YEAR (e) |
|---------------------|--|---------------------|-------------------------|------------------------|
| | EQUITY CAPITAL | | | |
| 215.1 | Retained Earnings From Income Before Contributions..... | 10 | \$ _____ | \$ _____ |
| 215.2 | Donated Capital..... | 10 | \$ _____ | \$ _____ |
| | Total Equity Capital..... | | \$ _____ | \$ _____ |
| | LONG-TERM DEBT | | | |
| 224 | Long-Term Debt..... | 16-17 | \$ _____ | \$ _____ |
| | Total Long-Term Debt..... | | \$ _____ | \$ _____ |
| | CURRENT AND ACCRUED LIABILITIES | | | |
| 231 | Accounts Payable..... | | \$ _____ | \$ _____ |
| 232 | Notes Payable..... | 18 | \$ _____ | \$ _____ |
| 235 | Customer Deposits..... | | \$ _____ | \$ _____ |
| 236 | Accrued Taxes..... | 18 | \$ _____ | \$ _____ |
| 237 | Accrued Interest..... | 19 | \$ _____ | \$ _____ |
| 242 | Misc. Current & Accrued Liabilities.. | 19 | \$ _____ | \$ _____ |
| | Total Current and Accrued Liabilities..... | | \$ _____ | \$ _____ |
| | NONCURRENT LIABILITIES | | | |
| 252 | Advances For Construction..... | 16 | \$ _____ | \$ _____ |
| 253 | Other Deferred Credits..... | | \$ _____ | \$ _____ |
| 265 | Miscellaneous Operating Reserves..... | | \$ _____ | \$ _____ |
| | Total Noncurrent Liabilities..... | | \$ _____ | \$ _____ |
| | TOTAL EQUITY CAPITAL AND LIABILITIES. | | \$ _____ | \$ _____ |

NOTES TO THE BALANCE SHEET

The space below is provided for important notes regarding the balance sheet

COMPARATIVE OPERATING STATEMENT

| ACCT. NO. (a) | ACCOUNT NAME (b) | REF. PAGE (c) | PREVIOUS YEAR (d) | CURRENT YEAR (e) |
|----------------------------------|--|---------------------|-------------------------|------------------------|
| UTILITY OPERATING INCOME | | | | |
| 400 | Operating Revenues..... | 21 | \$ _____ | \$ _____ |
| 401 | Operating Expenses..... | 22 | \$ _____ | \$ _____ |
| 403 | Depreciation Expenses..... | | \$ _____ | \$ _____ |
| 406 | Amortization of Utility Plant Acquisition Adjustment..... | | \$ _____ | \$ _____ |
| 407 | Amortization Expense - Other..... | | \$ _____ | \$ _____ |
| 408 | Taxes Other Than Income..... | | \$ _____ | \$ _____ |
| | Utility Operating Expenses..... | | \$ _____ | \$ _____ |
| | Total Utility Operating Income..... | | \$ _____ | \$ _____ |
| OTHER INCOME AND DEDUCTIONS | | | | |
| 419 | Interest and Dividend Income..... | | \$ _____ | \$ _____ |
| 420 | Allowance for Funds Used During Construction..... | | \$ _____ | \$ _____ |
| 421 | Nonutility Income..... | | \$ _____ | \$ _____ |
| 426 | Miscellaneous Nonutility Expenses.... | | \$ _____ | \$ _____ |
| | Total Other Income and Deductions.... | | \$ _____ | \$ _____ |
| TAXES APPLICABLE TO OTHER INCOME | | | | |
| 408 | Taxes Other Than Income..... | | \$ _____ | \$ _____ |
| | Total Taxes Applicable To Other Income..... | | \$ _____ | \$ _____ |
| INTEREST EXPENSE | | | | |
| 427 | Interest Expense..... | | \$ _____ | \$ _____ |
| | Total Interest Expense..... | | \$ _____ | \$ _____ |
| | NET INCOME BEFORE CONTRIBUTIONS..... | | \$ _____ | \$ _____ |

STATEMENT OF RETAINED EARNINGS

| | | |
|-------|---|----------|
| 215.1 | Retained Earnings From Income Before Contributions: | |
| | Balance Beginning of Year..... | \$ _____ |
| | Balance Transferred from Net Income Before Contributions... | \$ _____ |
| | Other Changes to Account: | |
| | Adjustments to Retained Earnings (requires Commission approval prior to use): | |
| | Credits (explain) _____ | \$ _____ |
| | Debits (explain) _____ | \$ _____ |
| | Balance End of Year..... | \$ _____ |

| | | | | | |
|-------|--|----------------|---------------|--------------|--------------|
| 215.2 | Donated Capital: | | | | |
| | | <u>Tapping</u> | | | |
| | | <u>Fees</u> | <u>Grants</u> | <u>Other</u> | <u>Total</u> |
| | Balance Beginning of Year..... | _____ | _____ | _____ | _____ |
| | Credits: | | | | |
| 432 | Proceeds from capital contributions..... | _____ | _____ | _____ | _____ |
| | Other Credits (explain) | | | | |
| | _____ | _____ | _____ | _____ | _____ |
| | Debits: | | | | |
| | (explain - Requires Commission Approval) | | | | |
| | _____ | _____ | _____ | _____ | _____ |
| | Balance End of Year..... | _____ | _____ | _____ | _____ |

UTILITY PLANT (ACCTS. 101 - 105)

| ACCT. NO. | PLANT ACCOUNTS | TOTAL |
|-----------|--------------------------------------|----------|
| 101 | Utility Plant In Service..... | \$ _____ |
| 103 | Property Held For Future Use..... | \$ _____ |
| 104 | Utility Plant Purchased or Sold..... | \$ _____ |
| 105 | Construction Work In Progress..... | \$ _____ |
| | Total Utility Plant..... | \$ _____ |

ACCUMULATED DEPRECIATION AND AMORTIZATION (ACCT. 108)

| DESCRIPTION | TOTAL |
|---|----------|
| Balance First of Year..... | \$ _____ |
| Credits During Year: | |
| Amounts Charged To Account 403..... | \$ _____ |
| Amounts Charged To Other Accounts (specify) | \$ _____ |
| _____ | \$ _____ |
| _____ | \$ _____ |
| Salvage Value Recovered On Plant Retired..... | \$ _____ |
| Other Credits (specify) | \$ _____ |
| _____ | \$ _____ |
| _____ | \$ _____ |
| Total Credits..... | \$ _____ |
| Debits During Year: | |
| Book Cost of Plant Retired..... | \$ _____ |
| Cost Of Removal..... | \$ _____ |
| Other Debits (specify) | \$ _____ |
| _____ | \$ _____ |
| _____ | \$ _____ |
| Total Debits..... | \$ _____ |
| Balance End Of Year..... | \$ _____ |

WATER UTILITY PLANT ACCOUNTS

| ACCT NO (a) | ACCOUNT NAME (b) | END OF PREVIOUS YEAR (c) | ADDITIONS (d) | RETIREMENTS (e) | END OF CURRENT YEAR (f) |
|-------------------|---|-----------------------------------|------------------|--------------------|----------------------------------|
| 301 | Organization..... | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| 302 | Franchises..... | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| 303 | Land and Land Rights..... | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| 304 | Structures & Improvements..... | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| 305 | Collecting and Impounding Reservoirs..... | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| 306 | Lake, River & Other Intakes..... | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| 307 | Wells and Springs..... | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| 309 | Supply Mains..... | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| 310 | Power Generation Equipment..... | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| 311 | Pumping Equipment..... | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| 320 | Water Treatment Equipment..... | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| 330 | Distribution Reservoirs and Standpipes..... | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| 331 | Transmission and Distribution Mains..... | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| 333 | Services..... | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| 334 | Meters & Meter Installations..... | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| 335 | Hydrants..... | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| 336 | Backflow Prevention Devices..... | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| 339 | Other Plant and Miscellaneous Equipment..... | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| 340 | Office Furniture and Equip..... | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| 341 | Transportation Equipment..... | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| 343 | Tools, Shop and Garage Equip.... | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| 345 | Power Operated Equipment..... | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| 348 | Other Tangible Plant..... | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| | Total Water Plant..... | \$ _____ | \$ _____ | \$ _____ | \$ _____ |

ANALYSIS OF ACCUMULATED DEPRECIATION AND AMORTIZATION BY PRIMARY ACCOUNT

| ACCT. NO. (a) | ACCOUNT (b) | BALANCE BEGINNING OF YEAR (c) | CREDITS DURING THE YEAR | | CHARGES DURING THE YEAR | | BALANCE END OF YEAR (h) |
|---------------------|--|--|--------------------------------|-------------------------|-----------------------------|-------------------------|-------------------------------|
| | | | CHARGES TO DEP. EXP. (d) | OTHER CREDITS (e) | PLANT RETIREMENTS (f) | OTHER CHARGES (g) | |
| 301 | Organization..... | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| 302 | Franchises..... | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| 303 | Land and Land Rights..... | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| 304 | Structures & Improvements... | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| 305 | Collecting & Impounding Reservoirs..... | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| 306 | Lake, River & Other Intakes. | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| 307 | Wells and Springs..... | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| 309 | Supply Mains..... | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| 310 | Power Generation Equipment.. | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| 311 | Pumping Equipment..... | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| 320 | Water Treatment Equipment... | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| 330 | Distribution Reservoirs and Standpipes..... | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| 331 | Transmission & Distribution Mains..... | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| 333 | Services..... | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| 334 | Meters and Meter Installations..... | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| 335 | Hydrants..... | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| 336 | Backflow Prevention Devices. | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| 339 | Other Plant & Miscellaneous Equipment..... | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| 340 | Office Furniture & Equip.... | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| 341 | Transportation Equipment.... | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| 343 | Tools, Shop & Garage Equip.. | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| 345 | Power Operated Equipment.... | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| 348 | Other Tangible Plant..... | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| | TOTALS | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ |

UTILITY PLANT ACQUISITION ADJUSTMENTS (ACCTS. 114 - 115)

Report each acquisition adjustment and related accumulated amortization separately.
For any acquisition adjustment approved by the Commission, include the Order Number.

| ACCOUNT NAME | TOTAL |
|--|----------|
| Acquisition Adjustments (114) | |
| _____ | \$ _____ |
| _____ | \$ _____ |
| _____ | \$ _____ |
| _____ | \$ _____ |
| Total Plant Acquisition Adjustments..... | \$ _____ |
| Accumulated Amortization (115) | |
| _____ | \$ _____ |
| _____ | \$ _____ |
| _____ | \$ _____ |
| _____ | \$ _____ |
| Total Accumulated Amortization..... | \$ _____ |
| Net Acquisition Adjustments..... | \$ _____ |

UTILITY INVESTMENTS (ACCT. 124)

| DESCRIPTION OF SECURITY (a) | FACE OR PAR VALUE (b) | YEAR END BOOK COST (c) |
|----------------------------------|-----------------------------|------------------------------|
| UTILITY INVESTMENTS (ACCT. 124): | | |
| _____ .. | \$ _____ | \$ _____ |
| _____ .. | \$ _____ | \$ _____ |
| _____ .. | \$ _____ | \$ _____ |
| _____ .. | \$ _____ | \$ _____ |
| _____ .. | \$ _____ | \$ _____ |
| Total Utility Investments..... | \$ _____ | \$ _____ |

ACCOUNTS RECEIVABLE - NET (ACCOUNTS 141 - 143)

Report hereunder all accounts receivable included in Accounts 141 and 143.

| DESCRIPTION | TOTAL |
|--|----------|
| ACCOUNTS RECEIVABLE: | |
| Customer Accounts Receivable (Acct. 141)..... | \$ _____ |
| Accumulated Provision for Uncollectible Accounts (Acct. 143) | |
| Balance First Of Year..... \$ _____ | |
| Add: Provision For Uncollectibles For | |
| Current Year..... \$ _____ | |
| Collection of Accounts Previously | |
| Written Off..... \$ _____ | |
| Other..... \$ _____ | |
| Total Additions..... \$ _____ | |
| Deduct: | |
| Accounts Written Off During Year..... \$ _____ | |
| Other..... \$ _____ | |
| Total Deductions..... \$ _____ | |
| Balance End Of Year..... | \$ _____ |
| Total Accounts Receivable - Net..... | \$ _____ |

MISCELLANEOUS DEFERRED DEBITS (ACCT. 186)

| DESCRIPTION | TOTAL |
|--|----------|
| Miscellaneous Deferred Debits (Acct. 186): | |
| Deferred Rate Case Expense..... | \$ _____ |
| Other Deferred Debits..... | \$ _____ |
| Total Miscellaneous Deferred Debits..... | \$ _____ |

ACCOUNT 224, BONDS

| Line No. | Par Value Of Actual Issue (1) | Cash Realized On Actual Issue (2) | Par Value Of Amount Held by or for Respondent (3) | Actually Outstanding At Close Of Year (4) | Interest During Year | |
|----------|-------------------------------|-----------------------------------|---|---|----------------------|-------------------|
| | | | | | Accrued (5) | Actually Paid (6) |
| 1 | | | | | | |
| 2 | | | | | | |
| 3 | | | | | | |
| 4 | | | | | | |
| 5 | | | | | | |
| 6 | | | | | | |
| 7 | | | | | | |
| 8 | | | | | | |
| 9 | | | | | | |
| 10 | | | | | | |
| Total | | | | | | |

SCHEDULE OF BOND MATURITIES

(The total of column 12 must agree with the total of column 4)

| Line No. | Bond Numbers (7) | Maturity Date (8) | Interest Rate (9) | Principal Amount (10) | Amount Paid (11) | Remaining Bonds Outstanding (12) |
|----------|------------------|-------------------|-------------------|-----------------------|------------------|----------------------------------|
| 1 | | | | | | |
| 2 | | | | | | |
| 3 | | | | | | |
| 4 | | | | | | |
| 5 | | | | | | |
| 6 | | | | | | |
| 7 | | | | | | |
| 8 | | | | | | |
| 9 | | | | | | |
| 10 | | | | | | |
| 11 | | | | | | |
| 12 | | | | | | |
| 13 | | | | | | |
| 14 | | | | | | |
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| 18 | | | | | | |
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| 23 | | | | | | |
| 24 | | | | | | |
| 25 | | | | | | |
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| 27 | | | | | | |
| 28 | | | | | | |
| 29 | | | | | | |
| 30 | | | | | | |
| 31 | | | | | | |
| 32 | | | | | | |
| 33 | | | | | | |
| 34 | | | | | | |
| 35 | | | | | | |
| 36 | | | | | | |
| 37 | | | | | | |
| 38 | | | | | | |
| 39 | | | | | | |
| Total | | | | | | |

NOTES PAYABLE (ACCOUNTS 232)

| (a) | DATE OF ISSUE (b) | DATE OF MATURITY (c) | INTEREST EXPENSE FOR YEAR | | PRINCIPAL BALANCE END OF YEAR (f) |
|------------------------------|----------------------|-------------------------|---------------------------|--------------------------|--------------------------------------|
| | | | RATE (d) | AMOUNT OF PAYMENT (e) | |
| Account 232 - Notes Payable: | | | | \$ | \$ |
| _____ | _____ | _____ | _____ | \$ | \$ |
| _____ | _____ | _____ | _____ | \$ | \$ |
| _____ | _____ | _____ | _____ | \$ | \$ |
| _____ | _____ | _____ | _____ | \$ | \$ |
| _____ | _____ | _____ | _____ | \$ | \$ |
| Total Account 232..... | | | | \$ | \$ |

ACCRUED TAXES (ACCOUNT 236)

| ACCT. NO. (a) | DESCRIPTION (b) | TOTAL (c) |
|------------------|---|--------------|
| 408 | Balance first of year..... | \$ _____ |
| | Accruals Charged: | |
| | Utility regulatory assessment fees..... | \$ _____ |
| | Property taxes..... | \$ _____ |
| | Payroll taxes (employer's portion)..... | \$ _____ |
| | Other taxes and licenses..... | \$ _____ |
| | Total taxes accrued..... | \$ _____ |
| 408 | Taxes paid during year: | |
| | Utility regulatory assessment fees..... | \$ _____ |
| | Property taxes..... | \$ _____ |
| | Payroll taxes (employer's portion)..... | \$ _____ |
| | Other taxes and licenses..... | \$ _____ |
| | Total taxes paid..... | \$ _____ |
| | Balance end of year..... | \$ _____ |

WATER OPERATING REVENUE

| ACCT. NO. (a) | (b) | BEGINNING YEAR NO. CUSTOMERS (c) | YEAR END NUMBER CUSTOMERS (d) | AMOUNTS (e) |
|---------------------|--|---|--|----------------|
| | Operating Revenues: | | | |
| 460 | Unmetered Water Revenue..... | _____ | _____ | \$ _____ |
| 461 | Metered Water Revenue: | | | |
| 461.1 | Sales to Residential Customers..... | _____ | _____ | \$ _____ |
| 461.2 | Sales to Commercial Customers..... | _____ | _____ | \$ _____ |
| 461.3 | Sales to Industrial Customers..... | _____ | _____ | \$ _____ |
| 461.4 | Sales to Public Authorities..... | _____ | _____ | \$ _____ |
| 461.5 | Sales to Multiple Family Dwellings.... | _____ | _____ | \$ _____ |
| 461.6 | Sales through Bulk Loading Stations... | _____ | _____ | \$ _____ |
| | Total Metered Sales..... | _____ | _____ | \$ _____ |
| 462 | Fire Protection Revenue | _____ | _____ | \$ _____ |
| 465 | Sales to Irrigation Customers..... | _____ | _____ | \$ _____ |
| 466 | Sales for Resale..... | _____ | _____ | \$ _____ |
| | Total Sales of Water | _____ | _____ | \$ _____ |
| | Other Water Revenues: | | | |
| 469 | Guaranteed Revenues..... | | | \$ _____ |
| 474 | Other Water Revenues..... | | | \$ _____ |
| | Total Other Water Revenues..... | | | \$ _____ |
| | Total Water Operating Revenues..... | | | \$ _____ |

WATER UTILITY EXPENSE ACCOUNTS

| ACCT. NO. (a) | ACCOUNT NAME (b) | CURRENT YEAR (c) |
|---------------------|--|------------------------|
| 601 | Salaries and Wages-Employees..... | \$ _____ |
| 603 | Salaries & Wages- Officers, Commissioners & Directors..... | \$ _____ |
| 604 | Employee Pensions & Benefits..... | \$ _____ |
| 610 | Purchased Water..... | \$ _____ |
| 615 | Purchased Power..... | \$ _____ |
| 616 | Fuel for Power Production..... | \$ _____ |
| 618 | Chemicals..... | \$ _____ |
| 620 | Materials & Supplies..... | \$ _____ |
| 630 | Contractual Services..... | \$ _____ |
| 635 | Water Testing..... | \$ _____ |
| 640 | Rents..... | \$ _____ |
| 650 | Transportation Expenses..... | \$ _____ |
| 655 | Insurance..... | \$ _____ |
| 665 | Regulatory Commission Expenses..... | \$ _____ |
| 670 | Bad Debt Expense..... | \$ _____ |
| 675 | Miscellaneous Expenses..... | \$ _____ |
| | Total Water Utility Expenses..... | \$ _____ |

PUMPING AND PURCHASED WATER STATISTICS

| (a) | WATER PURCHASED FOR RESALE (Omit 000's) (b) | WATER PUMPED FROM WELLS (Omit 000's) (c) | TOTAL WATER PUMPED AND PURCHASED (Omit 000's) (d) | WATER SOLD TO CUSTOMERS (Omit 000's) (e) |
|--------------------|---|---|---|---|
| January..... | _____ | _____ | _____ | _____ |
| February..... | _____ | _____ | _____ | _____ |
| March..... | _____ | _____ | _____ | _____ |
| April..... | _____ | _____ | _____ | _____ |
| May..... | _____ | _____ | _____ | _____ |
| June..... | _____ | _____ | _____ | _____ |
| July..... | _____ | _____ | _____ | _____ |
| August..... | _____ | _____ | _____ | _____ |
| September..... | _____ | _____ | _____ | _____ |
| October..... | _____ | _____ | _____ | _____ |
| November..... | _____ | _____ | _____ | _____ |
| December..... | _____ | _____ | _____ | _____ |
| Total for year.... | _____ | _____ | _____ | _____ |

Maximum gallons pumped by all methods in any one day (Omit 000's): _____

Date ____/____/____

Minimum gallons pumped by all methods in any one day (Omit 000's): _____

Date ____/____/____

If water is purchased, indicate the following:

Vendor _____

Point of delivery _____

If water is sold to other water utilities for redistribution, identify all entities with whom the utility has a water sales contract and the maximum quantity the utility is under contract to provide daily and monthly. If unlimited then list "unlimited" otherwise list in thousands of gallons:

| | | |
|------------------------|---------------|-----------------|
| Entity Receiving Water | Maximum Daily | Maximum Monthly |
|------------------------|---------------|-----------------|

| | | |
|-------|-------|-------|
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |

SALES FOR RESALE (466)

| LINE # | COMPANY | GALLONS (Omit 000's) | AVG. RATE PER 1,000 GALLONS (CENTS) | AMOUNT |
|--------|---------|-------------------------|---|--------|
| 1 | | | | |
| 2 | | | | |
| 3 | | | | |
| 4 | | | | |
| 5 | | | | |
| 6 | | | | |
| 7 | | | | |
| 8 | TOTAL | | | |

WATER STATISTICS

| LINE # | ITEM | GALLONS (Omit 000's) |
|--------|---|-------------------------|
| 1 | WATER PRODUCED, PURCHASED & DISTRIBUTED: | |
| 2 | Water Produced | |
| 3 | Water Purchased | |
| 4 | TOTAL PRODUCED AND PURCHASED | |
| 5 | | |
| 6 | WATER SALES: | |
| 7 | Residential | |
| 8 | Commercial | |
| 9 | Industrial | |
| 10 | Bulk Loading Stations | |
| 11 | Resale | |
| 12 | Other Sales | |
| 13 | TOTAL WATER SALES | |
| 14 | | |
| 15 | OTHER WATER USED: | |
| 16 | Utility/water treatment plant | |
| 17 | Wastewater plant | |
| 18 | System Flushing | |
| 19 | Fire Department | |
| 20 | Other | |
| 21 | TOTAL OTHER WATER USED. | |
| 22 | | |
| 23 | WATER LOSS: | |
| 24 | Tank Overflows | |
| 25 | Line Breaks | |
| 26 | Line Leaks | |
| 27 | Other | |
| 28 | TOTAL LINE LOSS | |
| 29 | | |
| 30 | Note: Line 13 + Line 21 + Line 28 Must Equal Line 4 | |
| 31 | | |
| 32 | WATER LOSS PERCENTAGE: | |
| 33 | Line 28 divided by Line 4 | |

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OATH

Commonwealth of _____)
County of _____) ss:

I, _____, having appeared before the undersigned officer duly authorized to administer oaths and being duly sworn, state under oath that I am _____ of _____ (“Respondent”); that I have supervision over the books of account and other financial records of the Respondent and have control over the manner in which they are kept; that such books and records have, during the period covered by the foregoing report, been maintained in good faith in accordance with the accounting and other orders of the Public Service Commission of Kentucky; that I have carefully examined the foregoing report and to the best of my knowledge and belief the information contained in this report is, so far as it relates to matters of accounts, in accordance with the said books of account; that all other statements of fact contained in the foregoing report are true; and that the foregoing report is a correct and complete statement of the business and affairs of the Respondent in every respect and manner during the period of time from and including _____, 20____, to and including _____, 20_____

(Signature of Officer)

Subscribed and sworn to before me, a _____, in and for the State and County named in the above this _____ day of _____, 20_____

(Apply Seal Here)

My Commission Expires _____

(Signature of officer authorized to administer oath)

[Persons making willful false statements in this report may be punished by fine or imprisonment under KRS 523.040 and 523.100.]



Steven L. Beshear
Governor

Leonard K. Peters
Secretary
Energy and Environment Cabinet

Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

David L. Armstrong
Chairman

James W. Gardner
Vice Chairman

Charles R. Borders
Commissioner

December 15, 2010

Brenda Murphy
Levee Road Water Association, Inc.
4681 Levee Road
Mt. Sterling, KY 40353

RE: 2010 Annual Reporting
(800) Water Association
Utility ID: 34900

Dear Brenda Murphy:

Electronic entry of the 2010 Annual Financial and Statistical Report information is now available on the Kentucky Public Service Commission web site (www.psc.ky.gov) under the "Commission Records" / "Financial Reports" menu. In the event of a lost or need to change a password, please contact the undersigned. Please be aware that if a company utilizes outside parties for filing reports, it is their responsibility to provide the party with the necessary ID and password. Additional instructions regarding the annual report process can be found online under the "Commission Records" / "Financial Reports" portion of our site as well.

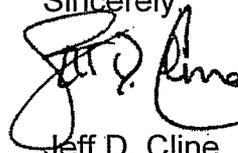
Upon completion of the electronic annual report form, please indicate the report is "complete" by means of the "Tools" menu selection's "change status" feature, which causes the system to inform PSC staff that the report is ready for the final audit and approval process. You must then generate a hard copy of the form by choosing the "Print All Schedules" selection on the "Tools" menu. Please be aware that a paper copy, either computer-generated or manually-produced, along with a signed oath page, are still required to be filed with the Commission until such time the Kentucky statutes are revised to allow us to accept the electronic annual report format as the official record.

Further, enclosed with this letter are two copies of the Report of Gross Operating Revenues form. One original notarized copy of the reports are to be completed for the calendar year 2010 and **filed with the Commission no later than March 31, 2011**, as required by 807 KAR 5:006, Section 3(1), KRS 278.140 and KRS 278.230(3).

Extension of time requests for filing the Report of Gross Operating Revenues form cannot be granted. However, the Commission may occasionally, upon written request, allow a 30 day extension of time for filing the Annual Financial and Statistical Report. The request must provide a reasonable explanation and be filed prior to the March 31, 2011, deadline. The prompt filing of these reports is essential. **Any utility failing to comply with timely filing requirements shall be subject to KRS 278.990, including the imposition of penalties provided therein.**

If you need additional copies of any form, they can be found on our web site under "Utility Information" / "Forms", or you may contact the undersigned and we will gladly provide a hard copy. Should you have any questions or require additional information, please do not hesitate to contact the undersigned by generating an email to JeffD.Cline@ky.gov.

Sincerely



Jeff D. Cline

Annual Report Branch Manager

Enclosure(s)