

CASE

NUMBER:

99 - 496

OS - 2

(10/84)

KENTUCKY PUBLIC SERVICE COMMISSION

MAIN CASE FILE NOTES

CASE NUMBER 1999-496 IN COURT. DO NOT
DESTROY ORIGINAL. SHIP BACK TO PSC AFTER
MICROFILMING

HISTORY INDEX FOR CASE: 1999-496
COVERED BRIDGE UTILITIES, INC.
Transfer/Sale/Purchase/Merger
TO OLDHAM COUNTY SANITATION DISTRICT

IN THE MATTER OF THE APPLICATION OF COVERED BRIDGE UTILITIES
INC. FOR APPROVAL OF THE TRANSFER OF THE COVERED BRIDGE
WASTEWATER TREATMENT PLANT TO THE OLDHAM COUNTY SANITATION
DISTRICT

SEQ NBR	ENTRY DATE	REMARKS
0001	12/13/1999	Application for approval of transfer
0002	12/14/1999	Acknowledgement letter.
M0001	12/17/1999	ROBERT MOORE COVERED BRIDGE UTILITES-NOTICE OF ENTRY OF APPEARANCE
0003	01/11/2000	No deficiencies letter; 2 items of info requested; to be filed by 1/26/2000.
0004	01/14/2000	Letter requesting information, response due 1/24/2000.
M0002	01/24/2000	ROBERT MOORE COVERED BRIDGE-MOTION FOR EXTENSION OF TIME TO ANSWER INTERRAGATORIES & REQ FO
M0003	02/07/2000	COVERED BRIDGE UTILITES-ANSWER TO PSC STAFF INTERROGATORIES & REQ FOR PRODUCTION OF DOC
M0004	02/09/2000	ROBERT MOORE COVERED BRIDGE UTILITES-LETTER CONCERNING EXTENSION OF 20 DAYS FOR PSC TO ACT
M0005	02/11/2000	ROBERT MOORE COVERED BRIDGE-ANSWER TO PSC INTERROGATORIES & REQ FOR PRODUCTION OF DOC
0005	02/14/2000	Order granting ext. of time; responses to Staff's Interrogatories is accepted.
0006	02/14/2000	Letter requesting that CBU or OSD provide info no later than 2/21/2000.
0007	02/23/2000	Letter to Robert Moore; info previously requested is now due 2/25/2000.
M0006	02/28/2000	COVERED BRIDGE UTILITES ROBERT MOORE-AMENDED ANSWERS TO PSC STAFF INTERROGATORIES & REQ FOR
0008	03/13/2000	Final Order approving the proposed transfer of assets from CB to Oldham Dist.
M0007	03/31/2000	ROBERT MOORE COVERED BRIDGE UTILITES-NOTICE OF SALE

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

COVERED BRIDGE UTILITIES, INC.-
TRANSFER/SALE/PURCHASE/MERGER TO
OLDHAM COUNTY SANITATION DISTRICT) 99-496

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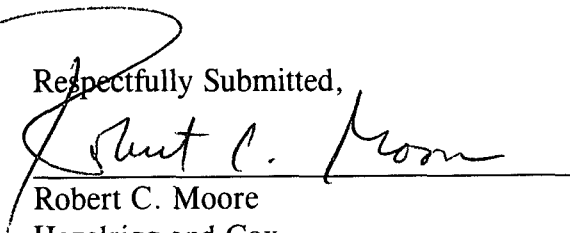
PUBLIC
COMMISSION MAR 31 2000

PUBLIC SERVICE
COMMISSION

NOTICE OF SALE

Pursuant to the Order of the Public Service Commission entered in the above styled proceeding on March 13, 2000, Covered Bridge Utilities, Inc. hereby notifies the Public Service Commission that the Covered Bridge Wastewater Treatment Plant was conveyed to the Oldham County Sanitation District on March 30, 2000. This sale and transfer was approved by the March 13, 2000 Order of the Commission.

Respectfully Submitted,

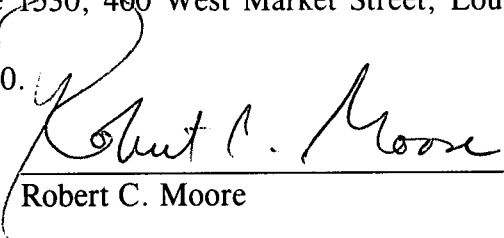


Robert C. Moore
Hazelrigg and Cox
P.O. Box 676
415 West Main Street, 1st Floor
Frankfort, Kentucky 40602-0676
Attorney for Covered Bridge Utilities, Inc.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by first class mail, postage prepaid, on Lawrence W. Smither, President, Covered Bridge Utilities, Inc., 136 St. Matthews Avenue, Suite 275, Louisville, Kentucky 40207-3191, Martin G. Cogan, Vice President, Covered Bridge Utilities, Inc., 4141 Bardstown Road, Louisville, Kentucky 40218, Honorable W.H. Spalding, Attorney at Law, 2950 Breckenridge Lane, Suite 3, Louisville,

Kentucky 40220 and on Richard Chadwell, President, Oldham County Sanitation District, 7311 Highway 329, Suite 542, Crestwood, Kentucky 40014 and Edward Schoenbaechler, Hall, Render, Killion, Heath & Lyman, AEGON Center, Suite 1530, 400 West Market Street, Louisville, Kentucky 40202 on this 31st day of March, 2000.


Robert C. Moore



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
211 SOWER BOULEVARD
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

CERTIFICATE OF SERVICE

RE: Case No. 1999-496
COVERED BRIDGE UTILITIES, INC.

I, Stephanie Bell, Secretary of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the following by U.S. Mail on March 13, 2000.

See attached parties of record.

Stephanie Bell
Secretary of the Commission

SB/hv
Enclosure

Lawrence W. Smither
President
Covered Bridge Utilities, Inc.
136 St. Matthews Avenue
Suite 275
Louisville, KY. 40207 3191

Martin G. Cogan
Vice President
Covered Bridge Utilities, Inc.
136 St. Matthews Avenue
Suite 275
Louisville, KY. 40207 3191

Honorable W. H. Spalding
Attorney at Law
2950 Breckenridge Lane
Suite 3
Louisville, KY. 40220

Richard Chadwell
President
Oldham County Sanitation District
7311 Highway 329
Suite 542
Crestwood, KY. 40014

Honorable Robert C. Moore
Attorney/Covered Bridge Utilities
Hazelrigg and Cox
P. O. Box 676
415 West Main Street, 1st Floor
Frankfort, KY. 40602 0676

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF COVERED BRIDGE)
UTILITIES, INC. FOR APPROVAL OF THE)
TRANSFER OF THE COVERED BRIDGE) CASE NO. 99-496
WASTEWATER TREATMENT PLANT TO THE)
OLDHAM COUNTY SANITATION DISTRICT)

O R D E R

Covered Bridge Utilities, Inc. ("Covered Bridge") has applied for Commission approval of its proposed sale of assets, including its wastewater treatment facilities, to the Oldham County Sanitation District ("Oldham District"). Having considered the evidence of record and being otherwise sufficiently advised, the Commission finds that:

1. Covered Bridge, a Kentucky corporation, owns and operates sewage treatment facilities in Oldham County, Kentucky that serve approximately 145 customers for compensation in the Covered Bridge Farms, The Meadows at Covered Bridge, and Hunting Creek Section 7 Subdivisions of Oldham County, Kentucky.

2. Covered Bridge's sewage treatment facilities consist of a sewage treatment plant with a maximum daily treatment capacity of 140,000 gallons.

3. Covered Bridge is not subject to regulation by a metropolitan sewer district.

4. Covered Bridge is a utility that is subject to Commission jurisdiction.

KRS 278.010(3)(f).

5. On December 7, 1999, Covered Bridge executed a Purchase Agreement to convey all of its wastewater collection, conveyance, and treatment facilities to Oldham District. Under the terms of this Agreement, Oldham District agrees to pay Covered Bridge \$380,000 for these facilities over a period of four years and to assume responsibility for the complete cleanup and restoration of Covered Bridge's tertiary lagoons to the standards established by the Kentucky Natural Resources and Environmental Protection Cabinet. The cleanup and restoration costs are currently estimated to be \$21,000.

6. The Purchase Agreement between Covered Bridge and Oldham District further provides that the rate currently assessed to Hayfield Utilities, Inc. for sewage treatment service will continue in effect at its current level until January 1, 2003.

7. Oldham District is a special district¹ created pursuant to KRS 67.715(2).²

8. Oldham District's territory includes all areas of Oldham County, Kentucky, exclusive of the cities of LaGrange and Crestwood.

9. On December 3, 1996, Oldham County Judge/Executive, with the approval of Oldham County Fiscal Court, created Oldham District for the purposes "enumerated in KRS Chapter 220.030 which includes providing for the collection and

¹ KRS 65.005(1)(a) defines a "special district" as "any agency, authority, or political subdivision of the state which exercises less than statewide jurisdiction and which is organized for the purpose of performing governmental or other prescribed functions within limited boundaries. It includes all political subdivisions of the state except a city, a county, or a school district."

² The county judge/executive or county judges/executive of multi-county districts may, with approval of the fiscal court or fiscal courts, create any special district or abolish or combine any special district, provided the district was created solely by the county judge/executive or county judges/executive or solely by one or more such fiscal courts.

disposal of sewage and other liquid wastes produced within the district; and incident to such purposes and to enable their accomplishment, to construct, with all appurtenances thereto, laterals, trunk sewers, intercepting sewers, siphons, pumping stations, treatment and disposal works, to maintain, operate and repair same, and do al [sic] other things necessary for the fulfillment of the purposes of KRS 220.010 to 220.520." Oldham County, Ky. Fiscal Court Ordinance No. 96-830-26 (Dec. 3, 1996) at 2.

10. Oldham County Fiscal Court granted to Oldham District "all powers and duties to reasonably, necessarily and effectively implement the provisions of and carry out the duties prescribed by KRS Chapter 220" and direct that Oldham District be "structured consistent with the provisions of KRS Chapter 220." Id. at 1-2.

11. As of June 30, 1999, Oldham District had total utility plant, including construction work in progress, of \$316,897.

12. As of June 30, 1999, Oldham District had total assets of \$627,376 and no liabilities.

13. For the year ended June 30, 1999, Oldham District had total revenues of \$624,218 and total expenditures of \$58,405. It had net income of \$565,813.

14. Oldham District does not currently operate any wastewater treatment facilities, but does operate a wastewater collection system, pump station and force main serving certain facilities in Buckner, Kentucky.

15. Oldham District has a Kentucky Pollution Discharge Elimination Permit System ("KPDES") to operate the Buckner Wastewater Treatment Plant that is currently under construction.

16. Oldham District currently retains a registered professional engineer with extensive experience in wastewater treatment plant operation and design, and receives planning and management consultation from the Louisville and Jefferson County Metropolitan Sewer District ("MSD").

17. Upon acquisition of the Covered Bridge facilities, Oldham District intends to secure services from MSD and private contractors to operate and maintain those facilities.

18. Upon acquisition of the Covered Bridge facilities, Oldham District intends to apply for transfer of ownership of the KDPEs permit currently held by Covered Bridge.

19. Oldham District has the financial, technical, and managerial abilities to provide reasonable utility service to those persons that Covered Bridge currently serves.

20. The proposed transfer is in accordance with law, is for a proper purpose, and is consistent with the public interest.

21. The holding of Boone County Water and Sewer District v. Pub. Serv. Comm'n, Ky., 949 S.W.2d 588 (1997), does not exempt or remove Oldham District from the Commission's jurisdiction. In Boone County Water and Sewer District, the Kentucky Supreme Court stated only that sanitation districts created pursuant to KRS Chapter 220 are not subject to Commission jurisdiction. Id. at 591. That Court did not address whether a special district, created pursuant to KRS Chapter 67 to deal with sewage treatment issues, is exempt from Commission jurisdiction.

22. The Commission's prior statements on its jurisdiction over sanitation districts are not applicable in this case. In disclaiming jurisdiction over sanitation

districts created pursuant to KRS Chapter 220, the Commission placed great emphasis on the significant conflicts between KRS Chapter 220 and KRS Chapter 278 and the absence of any statutory provision which clearly stated that the provisions of KRS Chapter 278 would take precedence in the event of conflict. The Commission further noted that KRS Chapter 220 "sets forth a comprehensive scheme of regulation for sanitation districts and appears to grant management authority to the Board of Directors of the District, and regulatory authority to the Secretary of the Natural Resources and Environmental Protection Cabinet." See Letter from Forest M. Skaggs, Executive Director, Public Service Commission, to Sanitation Districts (Apr. 5, 1988) at 3.³ Oldham District is a special district created pursuant to KRS Chapters 65 and 67. Neither KRS Chapter 65 nor Chapter 67 establishes a comprehensive statutory scheme for the regulation of special districts.

23. KRS Chapter 220 confers the authority to establish a sanitation district upon the Commissioner of Sanitation Districts only. KRS 220.020. To the extent that Oldham Fiscal Court has created a special district and conferred upon it the same powers that a sanitation district may exercise, such action does not render Oldham District a "sanitation district" nor place it outside of the Commission's jurisdiction.

³ After the issuance of this letter, the Commission formally adopted this position in several Orders. See Waterfern/Fern Creek Gardens Sewer Construction District, Case No. 90-336 (Ky.P.S.C. Nov. 9, 1990); Boone County Water and Sewer District, Case No. 90-216 ((Ky.P.S.C. Nov. 1, 1990); Americoal Corp. v. Boone County Water and Sewer District, Case No. 90-108 (Ky.P.S.C. Oct. 30, 1990).

24. Special districts are corporations. Calvert Investments, Inc. v. Louisville and Jefferson County Metropolitan Sewer District, Ky., 805 S.W.2d 133, 138 (1991).⁴

25. KRS 278.010(2) defines a "person" to include corporations.

26. KRS 278.010(3)(f) defines a utility as "any person except a city, who owns, controls, or operates or manages any facility used or to be used for or in connection with . . . [t]he treatment of sewage for the public, for compensation, if the facility is a subdivision treatment facility plant, located in a county containing a city of the first class or a sewage treatment facility located in any other county and is not subject to regulation by a metropolitan sewer district."

27. Upon completion of the proposed transfer, Oldham District will meet the definition of "utility" and will be subject to Commission jurisdiction. See KRS 278.040(2).

IT IS THEREFORE ORDERED that:

1. The proposed transfer of assets from Covered Bridge to Oldham District is approved.
2. Within 10 days of completion of the proposed transfer of assets, Covered Bridge shall notify the Commission in writing of the completion of the transfer.
3. Within 10 days of completion of the transfer, Oldham District shall file with the Commission the journal entries used to record the purchase and identify the detailed plant accounts to which the assets are recorded.

⁴ See also Rash v. Louisville and Jefferson County Metropolitan Sewer District, 309 Ky. 442, 217 S.W.2d 232 (1949). _

4. Within 10 days of completion of the transfer, Oldham District shall file with the Commission an adoption notice, conforming to the requirements of Administrative Regulation 807 KAR 5:011, Section 15(6). In this notice, Oldham District shall adopt and ratify as its own all of Covered Bridge's rates, rules, classifications, and administrative regulations on file with the Commission and effective at the time of the transfer.

5. Within 10 days after the filing of its adoption notice with the Commission, Oldham District shall issue and file in its own name Covered Bridge's tariff or such other tariff as it proposes to put into effect in lieu thereof, in the form prescribed in Administrative Regulation 807 KAR 5:011.

6. Covered Bridge shall be responsible for submitting to the Commission a financial and statistical report, as described in Administrative Regulation 807 KAR 5:006, Section 3, for the period in calendar year 2000 it owned and operated the transferred assets.

7. Oldham District shall be responsible for submitting to the Commission a financial and statistical report, as described in Administrative Regulation 807 KAR 5:006, Section 3, for the period in calendar year 2000 it owns and operates the transferred assets.

Done at Frankfort, Kentucky, this 13th day of March, 2000.

By the Commission

ATTEST:


Executive Director

COMMONWEALTH OF KENTUCKY

RECEIVED

BEFORE THE PUBLIC SERVICE COMMISSION

FEB 23 2000

In the Matter of:

PUBLIC SERVICE
COMMISSION

COVERED BRIDGE UTILITIES, INC.-
TRANSFER/SALE/PURCHASE/MERGER TO
OLDHAM COUNTY SANITATION DISTRICT) 1999-496

**AMENDED ANSWERS TO COMMISSION STAFF'S INTERROGATORIES AND
REQUESTS FOR PRODUCTION OF DOCUMENTS**

Comes Covered Bridge Utilities, Inc. ("Covered Bridge"), by counsel, and for its Amended Answers to the Interrogatories and Requests for Production of Documents propounded upon it by the Commission Staff, hereby states as follows.

INTERROGATORY NO. 1. Provide the journal entries that Oldham District will record to reflect the purchase of the facilities of Covered Bridge Utilities, Inc. ("Covered Bridge").

ANSWER: The Journal entries that Oldham County Sanitation District ("OCSD") will record to reflect purchase of Covered Bridge Utilities, Inc. are as follows:

Debit - Equipment	\$380,000
Credit - Long-Term Notes Payable	100,000
Credit - Cash	280,000

INTERROGATORY NO. 2. Provide the journal entries that Covered Bridge will record to reflect the transfer of its facilities to Oldham District.

ANSWER: See Attachment A.

INTERROGATORY NO. 3. State the amount that OCSD will pay to purchase Covered Bridge's facilities.

ANSWER: OCSD will pay Covered Bridge Utilities, Inc. \$280,000 at closing, and pay an additional \$100,000 by making payments of \$40,000 on January 1, 2001; \$30,000 on January 1, 2002; \$20,000 on January 1, 2003 and \$10,000 on January 1, 2004.

REQUEST NO. 1. Provide an unredacted copy of the "Purchase Agreement by and between Oldham County Sanitation District and Covered Bridge Utilities, Inc. and Hayfield Utilities" with all exhibits.

ANSWER: See Attachment B.

REQUEST NO. 2. Provide the following financial statements for Oldham District for the 1998 and 1999 calendar years: (A) Balance sheet; (B) Income Statement; (C) Statement of Retained Earnings.

ANSWER: See Attachment C.

REQUEST NO. 3. Provide a copy of Covered Bridge's Annual Report for the calendar year ending December 31, 1998.

ANSWER: See Attachment D.

INTERROGATORY NO. 4. Provide the following financial statements for Covered Bridge Utilities for the 1999 calendar year: (A) Balance Sheet; (B) Income Statement; (C) Statement of Retained Earnings.

ANSWER: See Attachment D.

INTERROGATORY NO. 5. Describe how Oldham Sanitation District will finance its purchase of the Covered Bridge facilities.

ANSWER: OCSD will finance its purchase of Covered Bridge Utilities, Inc. with current loans, revenue received from Oldham County Fiscal Court, a loan from the Kentucky Association

of Counties, and bonds secured by revenues of customers.

INTERROGATORY NO. 6. What is the estimated cost of cleaning up and restoring the tertiary lagoon portion of the Covered Bridge wastewater treatment plant site to the Kentucky Natural Resources and Environmental Protection Cabinet's standards?

ANSWER: The estimated cost of cleaning up and restoring the tertiary lagoon portion of the Covered Bridge wastewater treatment plant to meet applicable standards is \$21,000.00.

INTERROGATORY NO. 7. What sewage treatment facilities does Oldham District currently operate?

ANSWER: OCSD does not currently operate any wastewater treatment facilities. A wastewater collection system, pump station and force main serving the Community Center and Country Club are operated in Buckner. Treatment of wastewater from these facilities is provided by the Oldham County Board of Education under an existing service agreement. OCSD has a KPDES permit KY0103110 for the Buckner Wastewater Treatment Plant, which is currently under construction. When completed this summer, the Buckner facility will allow elimination of five small package plants in the planning area, a regional concept advocated by the State Division of Water.

REQUEST NO. 4. Provide a copy of the Commission of Sanitation Districts' declaration that Oldham District is organized as a sanitation district and giving Oldham District its name.

ANSWER: OCSD was not organized by the Commissioner of Sanitation Districts.

REQUEST NO. 5. Provide a copy of the Commission of Sanitation Districts' certification of Oldham District's organization to: (A) Kentucky Secretary of State; (B) Oldham County Clerk; (C) Oldham County Judge Executive.

ANSWER: OCSD was not organized by the Commissioner of Sanitation Districts.

REQUEST NO. 6. Provide a complete copy of Oldham County Fiscal Court Ordinance No. 96-830-26.

ANSWER: Attachment E is a complete copy of Oldham County Fiscal Court Ordinance No. 96-830-26 approved at its second reading on December 3, 1996.

REQUEST NO. 7. Provide a copy of the resolution of Oldham District's Board of Commissioners authorizing the acquisition of the Covered Bridge facilities.

ANSWER: There is no formal resolution of the OCSD Board authorizing acquisition of Covered Bridge Utilities, Inc. However, in a regularly scheduled meeting on December 13, 1999 a motion was made, seconded and approved to purchase the Covered Bridge Wastewater Treatment Plant. A copy of official meeting minutes is attached as Attachment F.

INTERROGATORY NO. 8. Does Oldham District agree that, if it is organized under KRS Chapters 65 and 67 instead of KRS Chapter 220, it is subject to the Public Service Commission's jurisdiction upon its acquisition of the Covered Bridge facilities? If no, explain why it believes it would not be subject to the Public Service Commission.

ANSWER: OCSD does not agree that it is subject to the jurisdiction of the PSC. OCSD was created by the Oldham County Fiscal Court under the authority granted to it at KRS 67.715(2) through the enactment of Ordinance No. 96-830-26. As declared in said Ordinance, OCSD was formed and structured so that it has all powers and duties to reasonably, necessarily and effectively implements the provisions of and carry out the duties of a Sanitation District prescribed by and consistent with KRS Chapter 220. See, also, OAG 83-391, and Boone County Water & Sewer District v. PSC, Ky., 949 S.W.2d 588 (1997).

INTERROGATORY NO. 9. (A) How many persons does Oldham District employ? (B) What are the duties of these employees? (C) List the duties of these employees. (D) For what services, if any, does Oldham District engage outside contractors? (E) When operating the Covered Bridge facilities, what services, if any, will Oldham District not be able to perform using its own employees only? (F) Provide the name and the certified wastewater system operator certificate number of the person who will serve as the facilities' certified wastewater system operator.

ANSWER: Currently OCSD employs a chief engineer and part time secretary. The chief engineer provides technical, managerial and operational support for all OCSD activities, particularly wastewater planning, design, construction and treatment projects. A part time secretary is essentially responsible for meeting minutes and some record keeping. OCSD's primary outside services include engineering, accounting and legal. Planning and management consultation has been received from the Louisville and Jefferson County Metropolitan Sewer District (MSD) and support is also expected under an Interlocal Cooperation Agreement between OCSD and MSD. Once OCSD is responsible for operation and maintenance of any treatment facility, services will be secured from MSD, private contractor and/or personnel hired by OCSD. A copy of the OCSD/MSD Interlocal Agreement of Cooperation is attached as Attachment G.

INTERROGATORY NO. 10. (A) Does Oldham District currently have a Kentucky Pollutant Discharge Elimination System ("KPDES") for the Covered Bridge facilities? (B) If no, when and how will Oldham District acquire a KPDES permit for the facilities?

ANSWER: OCSD does not currently have a KPDES permit for Covered Bridge wastewater treatment plant. A change in ownership certification to be submitted to KPDES

Branch, State Division of Water, requires an effective date of transfer. OCSD wants to know when PSC can provide an acceptable date of transfer.

INTERROGATORY NO. 11. State the rate that Oldham District will charge to Hayfield Utilities upon completion of the transfer.

ANSWER: Pursuant to the Purchase Agreement by and between the Oldham County Sanitation District and Covered Bridge Utilities, Inc. and Hayfield Utilities, Inc., for the three (3) years immediately following the completion of the transfer of the facilities, the Oldham County Sanitation District will charge Hayfield Utilities \$3,500.00 per month to treat the sewage and wastewater generated by the Countryside Subdivision. In the purchase agreement executed with Covered Bridge Utilities, Inc. OCSD agreed to honor commitments with Hayfield Utilities for wastewater treatment services.


Martin G. Cogan

STATE OF KENTUCKY)
)SS
COUNTY OF _____)

SUBSCRIBED AND SWORN TO as to the answers to the interrogatories before me by
_____ on this ____ day of _____, 2000.

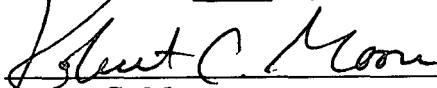
My commission expires: _____.

NOTARY PUBLIC


Robert C. Moore
Hazelrigg and Cox
P.O. Box 676
415 West Main Street, 1st Floor
Frankfort, Kentucky 40602-0676
Attorney for Covered Bridge Utilities, Inc.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by first class mail, postage prepaid, on Gerald Wuetcher, Public Service Commission, 730 Schenkel Lane, Frankfort, Kentucky 40601, Lawrence W. Smither, President, Covered Bridge Utilities, Inc., 136 St. Matthews Avenue, Suite 275, Louisville, Kentucky 40207-3191, Martin G. Cogan, Vice President, Covered Bridge Utilities, Inc., 136 St. Matthews Avenue, Suite 300, Louisville, Kentucky 40217-3191 and on Richard Chadwell, President, Oldham County Sanitation District, 7311 Highway 329, Suite 542, Crestwood, Kentucky 40014 on this 25th day of February, 2000.


Robert C. Moore

FROM : LOGSDON & CO., PC

FAX NO. :

Jan. 24 2000 01:00PM P1

**COVERED BRIDGE UTILITIES, INC.
Journal Entry to Record Sale**

Debit	Cash in Bank	\$280,000.00
Debit	Note Receivable	\$100,000.00
Debit	Reserve for Depreciation	\$47,360.00
Credit	Treatment Plant	(\$305,976.56)
Credit	Gain on Sale	<u>(\$121,383.44)</u>
		\$0.00

Record sale to Oldham County Sanitation District.

A

PURCHASE AGREEMENT
by and between
Oldham County Sanitation District
and
Covered Bridge Utilities, Inc.
and
Hayfield Utilities, Inc.

THIS AGREEMENT, made this 7th day of Dec, 1999, by and between **COVERED BRIDGE UTILITIES, INC.** and **HAYFIELD UTILITIES, INC.**, (136 St. Matthews Avenue, Suite 300, Louisville, Kentucky), Party of the First Part (hereinafter called the "GRANTOR") and **OLDHAM COUNTY SANITATION DISTRICT**, (7311 Hwy 329, Suite 542, Crestwood, Kentucky), Party of the Second Part (hereinafter called the "GRANTEE").

WITNESSETH THAT:

WHEREAS, GRANTOR is the owner of certain wastewater collection, conveyance and treatment facilities located adjacent to and providing service to Covered Bridge Farms subdivision and Countryside subdivision in the County of Oldham, in the Commonwealth of Kentucky; and

WHEREAS, GRANTEE desires to purchase and acquire ownership of all wastewater collection, conveyance and treatment facilities (hereinafter referred to as "Wastewater System") owned by the **GRANTOR** for the purpose of construction, operation, maintenance, and any reconstruction of sanitary sewers, pump stations, force mains, treatment facilities and related equipment, structures or materials, (hereinafter referred to as "appurtenances"), thereto together with the right of ingress and egress to said Wastewater System;

NOW, THEREFORE, GRANTOR agrees to convey and **GRANTEE** hereby agrees to purchase said Wastewater System upon the following terms and conditions:

1. The Covered Bridge Wastewater System covered by this Agreement is generally shown on Exhibit 1, which is attached hereto and made a part hereof.
2. **GRANTOR** and **GRANTEE** hereby agree to jointly prepare and submit to the State of Kentucky, Public Service Commission ("PSC"), documents in order to obtain approval of the sale of the Covered Bridge Wastewater System. It is expressly agreed that the sale of the Covered Bridge Wastewater System is contingent upon the approval of the PSC.
3. **GRANTEE** agrees to acquire ownership of the Covered Bridge Wastewater System and initiate operation and maintenance of same by January 1, 2000, contingent upon obtaining the approval of the PSC. This acquisition date can be revised by the agreement of the parties to this Agreement.
4. **GRANTOR** has disclosed the Wastewater System condition to **GRANTEE** and **GRANTEE** agrees to accept the Wastewater System owned by **GRANTOR** in an "as is"

B

condition.

5. Covered Bridge Utilities, Inc. will be allowed to collect all sewer fees and system invoices for services provided prior to January 1, 2000, or such other date as may be agreed to by the parties.
6. **GRANTEE** agrees to honor and continue to give effect to the Agreement between Covered Bridge and Hayfield Utilities, Inc. which provides that Covered Bridge will treat the sewage and wastewater generated by Countryside subdivision for the sum of \$3,500 per month, contingent upon ownership transfer of the wastewater collection and conveyance system of Hayfield Utilities, Inc. to **GRANTEE** within a period of three years from January 1, 2000. Hayfield Utilities, Inc. agrees to execute all documents necessary to transfer its wastewater collection and treatment system to **GRANTEE** on or before January 1, 2003. Hayfield Utilities, Inc. will be allowed to collect all fees and invoices for services provided prior to the transfer of the wastewater collection and conveyance system to the **GRANTEE**.
7. **GRANTEE** will assume responsibility for complete cleanup and restoration of the tertiary lagoon portion of the Covered Bridge wastewater treatment plant site to the standards established by the Kentucky Natural Resources and Environmental Protection Cabinet.
8. At such time as the wastewater treatment plant is taken out of service by **GRANTEE**, **GRANTEE** will reconvey for the sum of \$10.00 the plant property and all equipment back to **GRANTOR** or its assign. **GRANTEE** will provide three sewer taps to the Wastewater System to Covered Bridge or its assign, contingent upon Covered Bridge's conveyance of minimal site intrusive sewer, pump station and force main easements to **GRANTEE** necessary for **GRANTEE'S** facilities.
9. **GRANTOR** covenants that they are lawfully seized and possessed of the property and facilities above described and conveyed. **GRANTOR** covenants that they have full right and power to convey the same and said property is free of all encumbrances, except current taxes and restrictions and/or mortgages of record.
10. The **GRANTEE** hereby agrees to pay to Covered Bridge the sum of **TWO HUNDRED EIGHTY THOUSAND DOLLARS (\$280,000.00)** to purchase Covered Bridge's Wastewater System on or before January 1, 2000, and thereafter to pay an additional **ONE HUNDRED THOUSAND DOLLARS (\$100,000.00)** to Covered Bridge by making payments to Covered Bridge of **FORTY THOUSAND DOLLARS (\$40,000)** on January 1, 2001, **THIRTY THOUSAND DOLLARS (\$30,000)** on January 1, 2002, **TWENTY THOUSAND DOLLARS (\$20,000)** on January 1, 2003 and **TEN THOUSAND DOLLARS (\$10,000)** on January 1, 2004. Upon the receipt of the initial payment of **TWO HUNDRED EIGHTY THOUSAND DOLLARS (\$280,000.00)** on or before January 1, 2000, Covered Bridge shall execute all documents necessary to convey the Covered Bridge Wastewater System to the **GRANTEE**.
11. The parties agree that this Agreement is to be governed by Kentucky law.

The undersigned GRANTOR and GRANTEE admit to having read the contents of this Agreement and acknowledge receipt of a copy of same, and are not relying on verbal statements not contained herein.

IN TESTIMONY WHEREOF, witness the signatures of the parties hereto the day, month and year first above written.


OLDHAM COUNTY SANITATION DISTRICT

By:  Date: 12/7/99
Richard Chadwell, President

COVERED BRIDGE UTILITIES, INC.

By:  Date: 12/7/99
Martin G. Cogan, Vice President

HAYFIELD UTILITIES, INC.

By:  Date: 12/7/99
Carroll F. Cogan, President

OLDHAM COUNTY SANITATION DISTRICT

AUDIT REPORT

JUNE 30, 1998

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C

Charles T. Mitchell Company, LLP

Certified Public Accountants

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JAMES CLOUSE, C.P.A.
BERNADETTE SMITH, C.P.A.
KIM FIELD, C.P.A.

CHARLES T. MITCHELL, C.P.A.
CONSULTANT

INDEPENDENT AUDITOR'S REPORT

Oldham County Sanitation District
Crestwood, Kentucky 40014

We have audited the accompanying balance sheet of Oldham County Sanitation District, as of June 30, 1998 and the related statements of income, retained earnings, and cash flows for the eighteen months then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Oldham County Sanitation District as of June 30, 1998 and the results of its operations and its cash flows for the eighteen months then ended in conformity with generally accepted accounting principles.

Charles T. Mitchell Co.

December 14, 1998

ASSETS
Cash

\$ 61,563

Total Assets

\$ 61,563

LIABILITIES & RETAINED EARNINGS

Retained Earnings

\$ 61,563

Total Liabilities & Retained Earnings

\$ 61,563

The accompanying notes are an integral part of these financial statements.

...DHAM COUNTY SANITATION DISTRICT
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN RETAINED EARNINGS
 For The Eighteen Months Ended June 30, 1998

REVENUES		
Fiscal Court Revenues		\$225,967
Governmental Grants		10,000
Fees & Miscellaneous Charges		2,890
Interest		<u>610</u>
Total Revenues		239,467
EXPENDITURES		
Insurance		690
Consulting		154,921
Advertising		380
Printing		100
Legal & Professional		19,905
Postage		119
Repairs & Maintenance		25
Office Supplies		959
Miscellaneous		<u>805</u>
Total Expenditures		177,904
Net Income		61,563
Retained Earnings, Beginning of Eighteen Months		<u> </u>
Retained Earnings, End of Eighteen Months		<u>\$ 61,563</u>

The accompanying notes are an integral part of these financial statements.

OLDHAM COUNTY SANITATION DISTRICT
STATEMENT OF CASH FLOWS
For The Eighteen Months Ended June 30, 1998

Net Income	<u>\$ 61,563</u>
Net Cash Provided by Operating Activities	<u>61,563</u>
Net Increase in Cash	61,563
Cash and Cash Equivalents, Beginning of Eighteen Months	<u> </u>
Cash and Cash Equivalents, End of Eighteen Months	<u>\$ 61,563</u>

For purposes of the statement of cash flows, Oldham County Sanitation District considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

The accompanying notes are an integral part of these financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Oldham County Sanitation District was created and exists pursuant to the provisions of the Kentucky Revised Statutes 67.083 and 67.715(2) and by Oldham County Ordinance No. 96-830-26.

The Oldham County Fiscal Court and the Louisville and Jefferson County Metropolitan Sewer District (MSD) commissioned PDR Engineers, Inc. to prepare the Oldham County Action Plan (OCAP). This plan is a comprehensive sanitary study funded by the Oldham County Fiscal Court to define the potential regional sewer service areas in Oldham County for wastewater facilities in three priority areas in Oldham County. OCAP is the planning guide for the Oldham County Sanitation District to manage sewage collection, conveyance, treatment and disposal in Oldham County.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - EXPENDITURES

The expenditures for the current eighteen months include payments for legal and professional fees and consulting. These expenditures may be reimbursed by grant funds to be received by the Oldham County Fiscal Court. The amount to be reimbursed has not been estimated and therefore is not accrued in the current year.

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CHARLES T. MITCHELL, C.P.A.
CONSULTANT

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
STRUCTURE RELATED MATTERS NOTED IN A FINANCIAL
STATEMENT AUDIT CONDUCTED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Oldham County Sanitation District
Crestwood, Kentucky 40014

We have audited the financial statements of Oldham County Sanitation District for the eighteen months ended June 30, 1998 and have issued our report thereon dated December 14, 1998.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit of the financial statements of Oldham County Sanitation District for the eighteen months ended June 30, 1998, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

The management of Oldham County Sanitation District is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected.

Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

For the purpose of this report we have classified the significant internal control structure policies and procedures in the following categories: receivables, cash receipts, purchasing and receiving, fixed assets, accounts payable, cash disbursements and general ledger.

For all of the control categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

We noted a certain matter involving the internal control structure and its operation that we consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

Due to budgetary constraints, the bookkeeper performs all accounting functions including deposits of cash, cash disbursements and reconciling bank accounts. We consider this lack of segregated duties to be a reportable condition.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe the reportable condition described above is not a material weakness.

This report is intended solely for the use of management and funding sources and should not be used for any other purpose. However, this report is a matter of public record and its distribution is not limited.

Charles T. Mitchell Co.
December 14, 1998

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CHARLES T. MITCHELL, C.P.A.
CONSULTANT

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
LAWS AND REGULATIONS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Oldham County Sanitation District
Crestwood, Kentucky 40014

We have audited the financial statements of Oldham County Sanitation District for the eighteen months ended June 30, 1998 and have issued our report thereon dated December 14, 1998.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts and grants applicable to Oldham County Sanitation District is the responsibility of Oldham County Sanitation District. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Oldham County Sanitation District's compliance with certain provisions of laws, regulations, contracts and grants. However, our objective was not to provide an opinion on overall compliance with such provisions.

The results of our tests indicate that, with respect to the items tested, Oldham County Sanitation District, in all material respects, complied with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that Oldham County Sanitation District had not complied, in all material respects, with those provisions.

This report is intended for the information of the management and funding sources. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Charles T. Mitchell Co.
December 14, 1998

OLDHAM COUNTY SANITATION DISTRICT

AUDIT REPORT

JUNE 30, 1999

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CHARLES T. MITCHELL, C.P.A.
CONSULTANT

INDEPENDENT AUDITOR'S REPORT

Oldham County Sanitation District
Crestwood, Kentucky 40014

We have audited the accompanying balance sheet of Oldham County Sanitation District, as of June 30, 1999 and the related statements of income, retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Oldham County Sanitation District as of June 30, 1999 and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Charles T. Mitchell Co.
December 10, 1999

OLDHAM COUNTY SANITATION DISTRICT
BALANCE SHEET
June 30, 1999

ASSETS	
Cash	\$310,479
Construction-In-Progress	315,803
Net Property, Plant & Equipment	<u>1,094</u>
Total Assets	<u>\$627,376</u>
LIABILITIES & RETAINED EARNINGS	
Retained Earnings	<u>\$627,376</u>
Total Liabilities & Retained Earnings	<u>\$627,376</u>

The accompanying notes are an integral part of these financial statements.

OLDHAM COUNTY SANITATION DISTRICT
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN RETAINED EARNINGS
 For The Year Ended June 30, 1999

REVENUES		
Oldham County Fiscal Court Funding		\$136,664
Governmental Grants		213,712
Oldham County Board of Education		265,885
Fees		6,636
Interest		<u>1,321</u>
Total Revenues		624,218
EXPENDITURES		
Insurance		696
Rent		2,250
Utilities		226
Advertising		914
Printing		58
Legal & Professional		53,468
Postage		165
Repairs & Maintenance		325
Office Supplies		100
Depreciation		168
Miscellaneous		<u>35</u>
Total Expenditures		58,405
Net Income		565,813
Retained Earnings, Beginning of Year		<u>61,563</u>
Retained Earnings, End of Year		<u>\$627,376</u>

The accompanying notes are an integral part of these financial statements.

OLDHAM COUNTY SANITATION DISTRICT
STATEMENT OF CASH FLOWS
For The Year Ended June 30, 1999

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net Income	\$565,813
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	<u>168</u>
Net Cash Provided by Operating Activities	<u>565,981</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Net Increase in Construction-in-Progress & Equipment	<u>(317,064)</u>
Net Cash Used in Investing Activities	317,064
Net Increase in Cash	248,917
Cash and Cash Equivalents, Beginning of Year	<u>61,563</u>
Cash and Cash Equivalents, End of Year	<u>\$310,479</u>

For purposes of the statement of cash flows, Oldham County Sanitation District considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

The accompanying notes are an integral part of these financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Oldham County Sanitation District was created and exists pursuant to the provisions of the Kentucky Revised Statutes 67.083 and 67.715(2) and by Oldham County Ordinance No. 96-830-26.

The Oldham County Fiscal Court and the Louisville and Jefferson County Metropolitan Sewer District (MSD) commissioned PDR Engineers, Inc. to prepare the Oldham County Action Plan (OCAP). This plan is a comprehensive sanitary study funded by the Oldham County Fiscal Court to define the potential regional sewer service areas in Oldham County for wastewater facilities in three priority areas in Oldham County. OCAP is the planning guide for the Oldham County Sanitation District to manage sewage collection, conveyance, treatment and disposal in Oldham County.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Property, plant and equipment are those assets used in the operations of the organization and are recorded at cost. Depreciation is recorded using the straight line method at various rates calculated to allocate the cost of the respective assets over their estimated useful lives.

NOTE 2 - PROPERTY, PLANT & EQUIPMENT

The Oldham County Sanitation District had property, plant & equipment at the end of the fiscal year as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Property, Plant & Equipment	\$ 1,261	\$ 168	\$ 1,093
Total	<u>\$ 1,261</u>	<u>\$ 168</u>	<u>\$ 1,093</u>

NOTE 3 - CONSTRUCTION-IN-PROGRESS

The Oldham County Sanitation District had construction in progress at the end of the fiscal year totaling \$315,803. This amount represents expenditures for the construction of the convention center sewer & pump station, interceptors and treatment plant and the business park and interceptor sewer.

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CONSULTANT

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Oldham County Sanitation District
Crestwood, Kentucky

We have audited the financial statements of Oldham County Sanitation District as of and for the year ended June 30, 1999 and have issued our report thereon dated December 10, 1999. We conducted our audit in accordance with financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Oldham County Sanitation District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Oldham County Sanitation District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expression our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Charles T. Mitchell Co.

December 10, 1999

PUBLIC SERVICE COMMISSION OF KENTUCKY
REPORT OF GROSS OPERATING REVENUES DERIVED FROM INTRA-KENTUCKY
BUSINESS FOR THE YEAR ENDING DECEMBER 31, 1998

COVERED BRIDGE UTILITIES INC 176 ST MATTHEWS AVE STE 300
(Utility Reporting) (Address) LOUISVILLE KY 40202

(DO NOT INCLUDE TAXES COLLECTED)

- (1) Gross Revenues of Electric Utility...\$
(2) Gross Revenues of Gas Utility...\$
(3) Gross Revenues of Radio-Telephone Utility...\$
(4) Gross Revenues of Cellular Telephone Utility...\$
(5) Gross Revenues of Telephone Utility...\$
(6) Gross Revenues of Water Utility...\$
(7) Gross Revenues of Sewer Utility...\$ 39593
(8) Other Operating Revenues...\$
*** TOTAL GROSS REVENUES...\$ 39593

COPY

O A T H
State of...)
County of...) ss.

being duly sworn, states that he/she
is (Officer) of the COVERED BRIDGE UTILITIES INC
(Official Title) (Utility Reporting)

that the above report of gross revenues is in exact accordance with
the books of accounts of:

COVERED BRIDGE UTILITIES INC and that such books
(Utility Reporting) accurately show the gross revenues of:

COVERED BRIDGE UTILITIES INC, derived from Intra-Kentucky
(Utility Reporting)

business for the year ending , 19

(Officer) (Title)

This the day of , 19

(Notary Public) (County)

My Commission expires

NOTE: ANY DIFFERENCE BETWEEN THE AMOUNT OF THE GROSS REVENUES SHOWN
IN THE ANNUAL REPORT AND THE AMOUNT APPEARING ON THIS STATEMENT
MUST BE RECONCILED ON THE REVERSE SIDE OF THIS REPORT

GENERAL INFORMATION

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

2. Give the location including street, zip code and telephone number of the principal office in Kentucky 136 ST MATTHEWS AVE STE 300
LOUISVILLE KY 40207
(502) 899-1950

3. Give name, title, address and telephone number of the officer to whom correspondence concerning this report should be addressed
MARTIN G. COGAN VP
SAME

4. Name of State under the laws of which respondent is incorporated and the date of incorporation KY 8-17-89

5. Date sewer utility began operations JUNE 1980

6. Name of City, Town, Community, Sub-division and County in which respondent furnishes sewer service COVERED BRIDGE FARMS
OLDHAM COUNTY, KY

7. Number of employees: Full time - 0 -, Part time - 0 -

PRINCIPAL OFFICERS

Title	Name	Official Address	Annual Salary and/or Fee
PRES	LAWRENCE W SMITH	SAME	3600
VICE-PRES	MARTIN G COGAN	SAME	4200

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)	195432	486809
5	Less: Accum. Prov. for Depr. and Amort.		
6	of Utility Plant(110)	12830	17450
7	Net Utility Plant	183002	469359
8			
9	OTHER PROPERTY AND INVESTMENTS		
10			
11	Non-Utility Property(121)		
12	Less: Accum. Prov. for Depr. and Amort.		
13	of Non-Utility Property(122)		
14	Net Non-Utility Property		
15	Other Investments(124)		
16	Special Funds(125)		
17			
18			
19	Total Other Property and Investments		
20			
21	CURRENT AND ACCRUED ASSETS		
22			
23	Cash and Working Funds(131)	90	94
24	Temporary Cash Investments(132)		
25	Notes Receivable(141)		
26	Customer Accounts Receivable(142)	3432	21287
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)		
33	Other Current and Accrued Assets(170)		
34			
35			
36			
37	Total Current and Accrued Assets	3522	21381
38			
39	DEFERRED DEBITS		
40			
41	Unamortized Debt Discount and Expense(181)		
42	Extraordinary Property Losses(182)		
43	Other Deferred Debits(183)		1350
44			
45			
46			
47	Total Deferred Debits		1350
48			
49			
50	TOTAL ASSETS AND OTHER DEBITS	186524	492090

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)	1000	1000
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)	(149587)	(197517)
11	Non-Corporate Proprietorship(218)		
12	Total Equity Capital	(148587)	(196517)
13			
14	LONG TERM DEBT		
15			
16	Bonds(221)		
17	Advances From Associated Companies(229)		
18	Other Long Term Debt(224)		290977
19	Total Long Term Debt		290977
20			
21	CURRENT AND ACCRUED LIABILITIES		
22			
23	Notes Payable(231)		30000
24	Accounts Payable(232)	35766	53013
25	Notes Payable to Associated Companies(233)		
26	Accounts Payable to Associated Companies(234)	29113	37785
27	Customer Deposits(235)		
28	Taxes Accrued(236)		
29	Interest Accrued(237)		
30	Other Current and Accrued Liabilities(238)		
31	Total Current and Accrued Liabilities	64279	126798
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)	270832	270832
43			
44	ACCUMULATED DEFERRED INCOME TAXES		
45			
46	Accum. Def. Income Taxes-Accel. Amort.(281)		
47	Accum. Def. Income Taxes-Lib. Depr.(282)		
48	Accum. Def. Income Taxes-Other(283)		
49	Total Accum. Deferred Income Taxes		
50	TOTAL LIABILITIES AND OTHER CREDITS	186524	492090

SUMMARY OF UTILITY PLANT

Line No.	Acct No.	Item	Amount
		UTILITY PLANT	
1		In Service:	
2	101	Plant in Service Classified (from pg. 5, line 40)	486809
3	102	Completed Construction Not Classified	
4	103	Utility Plant in Process of Reclassification	
5	106	Utility Plant Purchased or Sold	
6		Total-In Service	486809
7	104	Utility Plant Leased to Others	
8	105	Property Held for Future Use	
9	107	Construction Work in Progress	
10	108	Utility Plant Acquisition Adjustments	
11	109	Other Utility Plant Adjustments	
12		Total Utility Plant (to pg. 2, line 4)	486809
13		Less:	
14	110	Accumulated Provision for Depreciation and	
15		Amort. of Utility Plant (to pg. 2, line 6)	17450
16			
17		NET UTILITY PLANT (to pg. 2, line 7)	469359

ACCUM. PROV. FOR DEPRECIATION AND AMORTIZATION OF UTILITY PLANT

Line No.	Item	Amount
1	Balance Beginning of Year	12830
2	Accruals for Year:	
3	Depreciation	4620
4	Amortization	
5	Other Accounts (detail):	
6		
7		
8	Total Accruals for Year	4620
9	Credit Adjustments (describe):	
10		
11		
12	Total Credits for Year	
13		
14	Net Charges for Plant Retired:	
15	Book Cost of Plt. Ret. (same as pg. 5, line 40)	
16	Add: Cost of Removal	
17	Less: Salvage	
18	Net Charges for Plant Retired	
19	Debit Adjustments (describe):	
20		
21		
22	Total Debit Adjustments for Year	
23	Balance End of Year	17450

Report in col. (e) entries reclass. property from one acct. to another. Corrections of additions or retirements. Balance End of Year

Line No.	Account	Depr. Rate	Balance First of Yr	Additions	Retire-ments	Adj.-Inc. or Dec.	Balance End of Year
1	INTANGIBLE PLANT						
2	Organization(301)	---					
3	Franchise and Consents(302)	---					
4	Miscellaneous Intangible Plant(303)	---					
5	Total Intangible Plant						
6	LAND AND STRUCTURES						
7	Land and Land Rights(310)	---	101500				101500
8	Structures and Improvements(311)	---	8432				8432
9	Total Land and Structures		19432				19432
10	COLLECTION PLANT						
11	Collection Sewers-Force(352.1)						
12	Collection Sewers-Gravity(352.2)						
13	Other Collection Plant Facilities(353)						
14	Services to Customers(354)						
15	Flow Measuring Devices(355)						
16	Total Collection Plant						
17	PUMPING PLANT						
18	Receiving Wells and Pump Pits(362)						
19	Pumping Equipment-Electric(363A)						
20	Pumping Equipment-Diesel(363B)						
21	Pumping Equipment-Other(363C)						
22	Total Pumping Plant						
23	TREATMENT AND DISPOSAL PLANT						
24	Oxidation Lagoon(372)		120000				120000
25	Treatment and Disposal Equipment(373)		41400	290577			332377
26	Plant Sewers(374)						
27	Outfall Sewer Lines(375)						
28	Other Treat. & Dis. Plt. Equip.(376)		45000				45000
29	Total Treatment and Disposal Plant		176400	290577			467377
30	GENERAL PLANT						
31	Office Furniture and Equipment(391)						
32	Transportation Equipment(392)						
33	Stores Equipment(393A)						
34	Tools, Shop & Garage Equipment(393B)						
35	Laboratory Equipment(393C)						
36	Power Operated Equipment(393D)						
37	Communication Equipment(393E)						
38	Other Tangible Property(393F)						
39	Total General Plant		195877	290577			486807
40	TOTAL SEWER PLANT IN SERVICE						

CAPITAL STOCK

Description and Series of Stock (a)	No. of Shares Auth. (b)	Par Value Per Share of Par Value Stk. (c)	Stated Val. Per Share Of Nonpar Stock (d)	Outstanding Per Balance Sheet	
				Shares (e)	Amount (f)
COMMON	100	-0-	-0-		1000

LONG-TERM DEBT

Each Original Issue Amt., Description & Series of Obligation (a)	Date Of Issue (b)	Date Of Maturity (c)	Outstanding Per Balance Sheet (d)	Interest For The Year	
				Rate (e)	Amount (f)
VEGAN, MARTIN	10/1/98	11/1/2014	290577	8%	-0-
Total			290577		-0-

NOTES PAYABLE

(Include Notes Payable to Associated Companies Under This Heading)

Name of Payee (a)	Date Of Note (b)	Date Of Maturity (c)	Interest Rate (d)	Balance End Of Year (e)
NATIONAL CITY BANK		DEMAND		30000
Total				30000

INTEREST ACCRUED

Description Of Obligation (a)	Int. Accr. Balance First Of Yr. (b)	Int. Accr. During Year (c)	Int. Paid During Year (d)	Int. Accr. Balance End Of Year
NATIONAL CITY BANK	-0-	1418	1418	-0-
Total	-0-	1418	1418	-0-

OTHER CURRENT AND ACCRUED LIABILITIES

Line No.	Sub-Account and Description	Amount
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21	Total (Must agree with page 3, line 30, Acct. No. 238)	

STATEMENT OF RETAINED EARNINGS FOR THE YEAR

Item (a)	This Year (b)	Last Year (c)
UNAPPROPRIATED RETAINED EARNINGS(216)		
Balance Beginning of Year	<149,587>	<121,584>
Balance Transferred From Income(435)	<479,30>	<280,23>
Appropriations of Retained Earnings(436):		
Dividends Declared-Preferred Stock(437)		
Dividends Declared-Common Stock(438)		
Adjustments to Retained Earnings(439):		
Balance End of Year	<197,517>	<149,587>

STATEMENT OF INCOME FOR THE YEAR

Line No.	Account (a)	Number Of Customers (b)	Amount (c)
1	OPERATING REVENUES		
2	Flat Rate Revenues-General Customers:		
3	Residential Revenues(521.1)	144	39593
4	Commercial Revenues(521.2)		
5	Industrial Revenues(521.3)		
6	Revenues From Public Authorities(521.4)		
7	Total(521)	144	39593
8	Measured Revenues-General Customers:		
9	Residential Revenues(522.1)		
10	Commercial Revenues(522.2)		
11	Industrial Revenues(522.3)		
12	Revenues From Public Authorities(522.4)		
13	Total(522)		
14	Revenues From Public Authorities(523)		
15	Revenues From Other Systems(524)		
16	Miscellaneous Sewage Revenues(526)		
17	Total Sewage Service Revenues(521-526)	144	39593
18	OTHER OPERATING REVENUES		
19	Customers Forfeited Discounts(532)		
20	Miscellaneous Operating Revenues(536)		
21	Total Other Operating Revenues		
22	Total Operating Revenues		39593
23	OPERATING EXPENSES		
24	Total Sewer Operation & Maint. Exp.(from pg.9, line52)		81224
25	Depreciation Expense(403)		4620
26	Amortization Expense(404-407/from pg.10)		150
27	Taxes Other Than Income Taxes(408.1/from pg.10)		115
28	Total Income Taxes-Utility Operating Income(from pg.10)		
29	Total Sewage Operating Expenses		86109
30	Net Operating Income		465167
31	OTHER INCOME		
32	Income From Nonutility Operations(417)		
33	Interest and Dividend Income(419)		4
34	Miscellaneous Nonoperating Income(421)		
35	Other Accounts(Specify Account No. and Title):		
36			
37			
38	Total Other Income		4
39	OTHER DEDUCTIONS		
40	Interest on Long Term Debt(427)		
41	Amortization of Debt Discount and Expense(428)		
42	Interest on Debt to Associated Companies(430)		
43	Other Interest Expense(431)		1418
44	Taxes Other Than Income Taxes(408.2/from pg.10)		
45	Total Income Taxes-Nonutil. Operat. Income(from pg.10)		
46	Other Accounts(Specify Account No. and Title):		
47			
48			
49	Total Other Deductions		1418
50	NET INCOME		479307

SEWER OPERATION AND MAINTENANCE EXPENSES

Line No.	Account (a)	Amount (b)
1	OPERATION EXPENSES	
2	Supervision and Engineering(700):	
3	Owner/Manager-Management Fee(700-A)	3600
4	Other Expenses(700-B)	
5	Labor and Expenses(701):	
6	Collection System-Labor, Mat'ls. & Expenses(701-A)	
7	Pumping System-Labor, Mat'ls. & Expenses(701-B)	
8	Treatment System(701-C):	
9	Sludge Hauling	5088
10	Utility Service-Water Cost	4794
11	Other-Labor, Mat'ls. and Expenses	8800
12	Rents(702)	
13	Fuel and Power Purchased for Pumping & Treatment(703)	5357
14	Chemicals(704)	4228
15	Miscellaneous Supplies and Expenses(705):	
16	Collection System(705-A)	
17	Pumping System(705-B)	
18	Treatment and Disposal(705-C)	
19	Total Operation Expenses	32457
20	MAINTENANCE EXPENSES	
21	Supervision and Engineering(710):	
22	Routine Maintenance Service Fee(710-A)	7750
23	Internal Supervision and Engineering(710-B)	
24	Maintenance of Structures and Improvements(711)	
25	Maintenance of Collection Sewer System(712)	
26	Maintenance of Pumping System(713)	
27	Maintenance of Treatment and Disposal Plant(714)	14527
28	Maintenance of Other Plant Facilities(715)	4428
29	Total Maintenance Expenses	26705
30	CUSTOMER ACCOUNTS EXPENSES	
31	Supervision(901)	
32	Meter Reading Expenses and Flat Rate Inspections(902)	
33	Customer Records and Collection Expenses(903):	
34	Agency Collection Fee(903-A)	858
35	Internal Labor, Materials and Expenses(903-B)	
36	Uncollectible Accounts(904)	
37	Miscellaneous Customer Accounts Expenses(905)	
38	Total Customer Accounts Expenses	858
39	ADMINISTRATIVE AND GENERAL EXPENSES	
40	Administrative and General Salaries(920)	
41	Office Supplies and Other Expenses(921)	
43	Outside Services Employed(923)	14015
44	Insurance Expense(924)	1751
45	Employee Pensions and Benefits(926)	
46	Regulatory Commission Expense(928)	12
47	Transportation Expenses(929)	2800
48	Miscellaneous General Expenses(930)	1926
49	Rents(931)	1200
50	Maintenance of General Plant(932)	
51	Total Administrative and General Expenses	21204
52	TOTAL SEWER OPERATION & MAINT. EXP.(to pg. 8, line 24)	81224

TAXES OTHER THAN INCOME TAXES(408)

Show hereunder the various tax items which make up the amounts listed under Account Numbers 408.1 and 408.2 appearing on page 8, lines 27 and 44.

Line No.	Item (a)	Amount (b)
1	Payroll Taxes	
2	Property Taxes	
3	Utility Regulatory Commission Assessment	
4	Other(Specify): PSC TAX 1597-1558	150
5	PSC TAX 1558-1559	150
6	CORPORATION ANNUAL REPORT	15
7		
8		
9		
10		
11		
12	TOTAL(Same as page 8, line 27 plus 44)	115

OPERATING AND NON-OPERATING INCOME TAXES

Acct. No.	Account (a)	Amount (b)
109.1	Income Taxes-Federal	
109.1	Income Taxes-State	
109.1	Income Taxes-Other	
110.1	Provisions for Deferred Income Taxes	
111.1	Income Taxes Deferred in Prior Years-Credit	
112.0	Investment Tax Credits-Net	
	Total Income Taxes-Util. Operat. Income(to pg 8, line 28)	
109.2	Income Taxes-Federal	
109.2	Income Taxes-State	
109.2	Income Taxes-Other	
110.2	Provisions for Deferred Income Taxes	
111.2	Income Taxes Deferred in Prior Years-Credit	
112.4	Investment Tax Credits-Net	
	Total Inc. Taxes-Nonutil. Op. Income(to pg. 8, line 45)	

AMORTIZATION EXPENSE

Acct. No.	Account (a)	Amount (b)
04	Amortization of Limited-Term Utility Plant	
05	Amortization of Other Utility Plant	
06	Amortization of Utility Plant Acquisition Adjustments	
07	Amortization of Property Losses	
-	Amortization of Rate Case Expense	150
	Total Amortization Expense(to pg. 8, line 26)	150

SEWER PLANT STATISTICS

PLANT VALUATION

1. What method of valuation was used with reference to Sewer Utility Plant in Service appearing on page two, line four: Original Cost, Estimated Cost, Original Cost Study? ESTIMATED
2. What percentage of Sewer Utility Plant in Service was recovered, by the developer of the subdivision, through the sale of lots? N/A %
3. If less than one-hundred percent of the utility plant was recovered, please designate what portion (collection lines, treatment plant, ect.) of the plant that represents non-contributed plant N/A
4. By whom were the books of account audited? N/A
What was the date of the last audit? N/A
If unaudited in the past twelve months, when and by whom is the next audit anticipated? N/A

PHYSICAL DATA OF SEWER PLANT

1. Date of construction of original plant 1979
2. Type of treatment process EXTENDED AERATION
3. Date and additional G.P.D. Capacity of subsequent additions to plant
10/1/98 100,000 GPD
4. Population for which plant is designed including population equivalent of industrial waste load 350

TREATMENT PLANT OPERATING STATISTICS

1. Total gallons received during the year INFORMATION NOT AVAILABLE
2. Total gallons received on maximum day INFORMATION NOT AVAILABLE
3. Maximum G.P.D. Capacity of the sewage treatment plant 140,000
4. Routine maintenance service fee:
Cost per month \$ 750
Contract expires OPEN CONTRACT
5. Sludge hauling:
Cost per load \$ 429
Average number of gallons per load 4500
Number of loads this year 12

SEWER PLANT STATISTICS

CUSTOMER STATISTICS-END OF YEAR

Type	Number of Customers	Bi-Monthly Or Monthly Billing?	Number of Bills Pertaining to Each Type of Customer
Residential:			
Single Family	144	BI-MONTHLY	144
Apartments/Condominiums			
Commercial			
Industrial			
Other (Specify):			
Total	144		144

INDUSTRIAL CUSTOMERS SERVED

Name And Type Of Industry	Metered Or Estimated Gals.	Pretreatment Of Wastes

PUMPING STATIONS

Location	Size Of Motor	Type Of Motor	Capacity Gals. Per Day

MAINS (FEET)

Kind Of Pipe (cast Iron, Vit. clay, concrete)	Diameter Of Pipe	No. Of Feet 1st of Year	Additions	Removed or Abandoned	No. Of Feet End Of Year
PVC	8"	5900			5900

SERVICE LATERALS AND STUBS

Number of service laterals owned by the utility, end of year 144
 Number of stubs as of end of year NONE
 Number of service laterals owned by others NONE

OATH

State of KENTUCKY)
County of _____)

ss:

Before me, the undersigned officer duly authorized to administer oaths, there personally appeared _____, (Name of affiant)

who, being first sworn by me, says on oath that he has charge of the records of COVERED BRIDGE UTILITIES, INC. (Exact legal name of company)

and that the foregoing report is true to the best of his knowledge and belief, and that it covers the period from January 1, 19 98, to December 31, 19 98.

(Signature of affiant)

Subscribed and sworn to before me this _____ day of _____, 19 _____.

Notary Public, County of _____
My Commission Expires _____, 19 _____.

(SEAL)

FROM : LOGSDON & CO., PC

FAX NO. :

Jan. 24 2000 01:01PM P2

COVERED BRIDGE UTILITIES, INC.
STATEMENT OF INCOME
FOR THE ONE MONTH AND TWELVE MONTHS ENDED DECEMBER 31, 1999

	Y E A R T O A M O U N T	D A T E P E R C E N T
REVENUE	\$ 116,056.17	100.0
RESIDENTIAL REVENUES		
	<u>116,056.17</u>	<u>100.0</u>
TOTAL REVENUE		
COST OF GOODS SOLD	<u>116,056.17</u>	<u>100.0</u>
GROSS PROFIT		
OPERATING EXPENSES	3,600.00	3.1
MANAGEMENT FEE	15,629.04	13.5
SLUDGE HAULING	6,590.20	5.7
WATER UTILITIES	8,569.00	7.4
LABOR EXPENSE-TESTING	13,341.01	11.5
ELECTRIC POWER	5,029.52	4.3
CHEMICALS	9,000.00	7.8
ROUTINE MAINTENANCE FEE	43,755.00	37.7
TREATMENT SYSTEM MAINT	1,681.20	1.4
OTHER PLANT MAINTENANCE	1,420.21	1.2
COLLECTION EXPENSE	227.72	0.2
OFFICE SUPPLIES	1,319.70	1.1
SERVICE CHARGES	4,200.00	3.6
BOOKKEEPING FEES	2,615.00	2.3
ACCOUNTING FEES	11,194.51	9.6
LEGAL FEES	2,169.91	1.9
INSURANCE	328.28	0.3
REGULATORY COMM EXP	2,300.00	2.0
TRANSPORTATION EXPENSE	1,000.00	0.9
MISCELLANEOUS EXPENSE	1,400.00	1.2
RENTS	29,910.00	25.8
DEPRECIATION	300.00	0.3
AMORTIZATION-RATE CASE	1,557.49	1.3
TAXES	2,526.87	2.2
OTHER INTEREST		
	<u>169,664.66</u>	<u>146.2</u>
TOTAL OPERATING EXPENSES		
INCOME FROM OPERATIONS	<u>(53,608.49)</u>	<u>(46.2)</u>
NET INCOME	<u>\$ (53,608.49)</u>	<u>(46.2)</u>

SEE ACCOUNTANTS' COMPILATION REPORT

FROM : LOGSDON & CO., PC

FAX NO. :

Jan. 24 2000 01:01PM P3

COVERED BRIDGE UTILITIES, INC.
BALANCE SHEET
DECEMBER 31, 1999

ASSETS

CURRENT ASSETS

ORGANIZATION	\$ 1,500.00
TREATMENT PLANT	305,976.56
RESERVE FOR DEPRECIATION	(47,360.00)
RESERVE FOR AMORTIZATION	(450.00)
CASH IN BANK	784.98
CASH-MMA	94.25
CUSTOMER ACCOUNTS REC	20,051.65

TOTAL CURRENT ASSETS

\$ 280,597.44

TOTAL ASSETS

\$ 280,597.44

LIABILITIES AND CAPITAL

CURRENT LIABILITIES

LONG TERM DEBT	\$ 290,976.56
NOTES PAYABLE	49,500.00
ACCOUNTS PAY-TRADE	28,225.20
ACCOUNTS PAYABLE-SHAREHOLDERS	27,827.55
ACCOUNTS PAY-AND DAV CO	44,192.24

TOTAL CURRENT LIABILITIES

\$ 440,721.55

LONG TERM LIABILITIES
AID IN CONSTRUCTION

90,000.00

TOTAL LONG TERM LIABILITIES

90,000.00

TOTAL LIABILITIES

530,721.55

CAPITAL

COMMON STOCK	1,000.00
Retained Earnings	(197,515.62)
Current Earnings	(53,608.49)

TOTAL CAPITAL

(250,124.11)

TOTAL LIABILITIES AND CAPITAL

\$ 280,597.44

SEE ACCOUNTANTS' COMPILATION REPORT

11/19/1997 18:27

FROM

THE BLACK'S OFFICE

TO 8584

P. 02/86

OLDHAM COUNTY
ADOPTED 12/3/96

COMMONWEALTH OF KENTUCKY
OLDHAM COUNTY

ORDINANCE NO. 96-830-26

AN ORDINANCE RELATING TO THE CREATION OF A
SANITATION DISTRICT IN OLDHAM COUNTY, KENTUCKY.

WHEREAS, the Oldham County Fiscal Court recognizes the need for a Sanitation District to provide for the collection and disposal of sewage and other liquid wastes in Oldham County, Kentucky, as to prevent and correct the pollution of streams and provide for the general public health, safety, and welfare; and, recognizes the necessity that such a special district be empowered to construct sanitation facilities conducive to the public health, safety, comfort, convenience, or welfare; and,

WHEREAS, the Kentucky Revised Statutes Chapter 67.715 as enacted by the Kentucky General Assembly authorizes the County Judge/Executive, with the approval of the Fiscal Court to create and establish any special district, and KRS 67.083 provides for the establishment of necessary governmental services; and,

WHEREAS, it is the desire of the Fiscal Court of Oldham County, Kentucky, to provide for the establishment of a Sanitation District within the County exclusive of the cities of LaGrange and Crestwood.

NOW, THEREFORE, BE IT ORDAINED BY THE FISCAL COURT
OF THE COUNTY OF OLDHAM, COMMONWEALTH OF KENTUCKY THAT:

In accordance with KRS Chapter 67.715(2) and KRS Chapter 67.033(3)(c), (h) and (r) the Oldham County Fiscal Court grants its approval for the County Judge/Executive to establish a special district and said special district shall be known as Oldham County Sanitation District. The Oldham County Sanitation District shall be created and formed so that it shall have all powers and duties to reasonably, necessarily and effectively implement the provisions of and carry out the duties prescribed

they mean

67.083 ->

E

by KRS Chapter 220. The District shall be structured consistent with the provisions of KRS Chapter 220.

The Fiscal Court, pursuant to KRS Chapter 220.035, reserves power and authority to: review and approve, amend or disapprove proposed district land acquisitions; review and approve, amend or disapprove proposed district construction of capital improvements; review and approve, amend or disapprove proposed service charges or user fees; and review and approve, amend or disapprove proposed budget.

The District shall submit to the Fiscal Court all plans and documentation for review and approval, amendment or disapproval by tendering any such documents or plans to the Fiscal Court through the County Judge/Executive at least forty-five (45) days prior to the proposed effective date or time for submission to any entity.

The proposed work of the District is necessary and conducive to the public health, comfort, convenience and welfare. The District is established for the purposes enumerated in KRS Chapter 220.030 which includes providing for the collection and disposal of sewage and other liquid wastes produced within the district; and incident to such purposes and to enable their accomplishment, to construct, with all appurtenances thereto, laterals, trunk sewers, intercepting sewers, siphons, pumping stations, treatment and disposal works, to maintain, operate and repair same, and do all other things necessary for the fulfillment of the purposes of KRS 220.010 to 220.520.

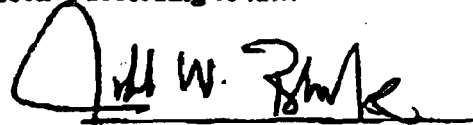
The District boundaries shall follow and be the same as those of Oldham County and include all territory therein, except that the cities of LaGrange and Crestwood shall not be included as part of or within the District boundaries. Further, those properties, within the described boundaries, which are currently served by or which have contract for service with the cities of LaGrange and Crestwood and their Municipal Sewer Boards prior to the enactment of this ordinance, or contract for said service within 90 days of the enactment of this ordinance, shall not be subject to the Oldham County Sanitation District except and unless it is necessary for the District to exercise its authority to acquire

easements or otherwise facilitate the operation of the District. The District as a creation of Oldham Fiscal Court shall be bound by the Interlocal Agreement concerning the Crestwood Wastewater Collection System entered into by Oldham Fiscal Court, City of Crestwood and Metropolitan Sewer District.

The District shall have the powers stated in KRS Chapter 220 including the power to sue and be sued, contract and be contracted with, incur liabilities and obligations, exercise the right of eminent domain, assess, tax, contract for rentals, issue bonds, and do and perform all acts necessary and proper for the carrying out of the purposes for which the District is created, and for executing the powers with which it is vested as provided in KRS Chapter 220.510.

The District shall have the power of condemnation, as provided and described in KRS Chapter 220.310; and may provide for a sewer service charge to be imposed and collected, as provided in KRS Chapter 220.510.

This ordinance shall become effective according to law.



JOHN W. BLACK
Oldham County Judge/Executive

ATTESTED:



ANN B. BROWN
Oldham County Fiscal Court Clerk

14

DECEMBER 3, 1996

The Oldham Fiscal Court convened at the Courthouse at a regular meeting with the County Judge/Executive John W. Black; Oldham County Attorney John R. Fendley and the following magistrates present: PAULA GISH, GILBERT WINTERS, JAMES R. SHAW, NORMAN BROWN, BILL TUCKER, ROBERT DEIBEL, JR. and DONALD ADAMS. Absent: RICK RASH (vacationing in Florida).

Motion made by Magistrate Tucker and seconded by Magistrate Adams to approve the minutes of the November 19, 1996 meeting. Motion carried.

SPECIAL RECOGNITION - SOUTH OLDHAM LADY DRAGONS:

The South Oldham Lady Dragons were honored as the 1996 State Soccer Champs and presented with a proclamation proclaiming December 3, 1996 South Oldham Lady Dragons Day.

PATRICIA GORDON MICHAEL, DIRECTOR, OC HISTORICAL SOCIETY:

Patricia provided a fifteen minute video presentation as part of the educational program and campaign for the Oldham County History Center.

NOLAN & NOLAN - COMMUNITY CENTER/WATER PARK PRESENTATION:

Nolan & Nolan presented designs and a brief discussion regarding the community/convention center.

ELLEN HYTEN - TRI-COUNTY COMMUNITY ACTION AGENCY/SENIOR CITIZENS:

Ms. Hyten, Executive Director of the Tri-County Community Action Agency spoke to Fiscal Court in regard to her role as Executive Director and requesting the Tri-County Community Action Agency be housed in the new Community Center.

~~BANK FRANCHISE~~**SANITATION DISTRICT ORDINANCE KOC 96-838-26 (2nd reading): ~~EXHIBIT J~~**

Motion made by Magistrate Brown and seconded by Magistrate Deibel to approve the Sanitation District Ordinance with the amendments. Motion carried.

BANK FRANCHISE AND LOCAL DEPOSIT TAX ORDINANCE 96-220-23 (2nd reading): ~~EXHIBIT J~~

Motion made by Magistrate Winters and seconded by Magistrate Gish to approve the Bank Franchise and Local Deposit Tax Ordinance. Motion carried.

LAKE LOUISVILLE CDBG BUDGET AMENDMENT 96-210-13 (2nd reading): ~~EXHIBIT J~~

Motion made by Magistrate Deibel and seconded by Magistrate Tucker to approve the Lake Louisville CDBG Budget Amendment. Motion carried.

MINUTES FOR DECEMBER 13, 1999 OCSD MEETING

The meeting was called to order at 4:00pm. Those in attendance were Richard Chadwell, Tom Simpson, Larry Cunningham, Kathy Wynne, John Bennett, Chris Crumpton, Ed Schoenbaechler, Dave Servis and Greg Miklavcic. The minutes from the previous meeting and the current Treasurer's report were read and accepted.

John Bennett's report is attached that covers construction projects, design projects, the DLG Surplus Fund Grant, plan reviews and other financial items.

A report from Chris Crumpton of PDR Engineers is attached concerning the status of the Buckner wastewater treatment plant.

PDR submitted a proposal for construction administration of the Buckner wastewater treatment plant. A motion was seconded and approved to accept a cost plus workorder from PDR, not to exceed \$25,000.00 for this project.

OCSD will determine any additional charges to attach to MSD charges for customers of the Buckner wastewater treatment plant. When determined OCSD will write a letter to MSD with this information. MSD will provide plant operation and maintenance for OCSD.

PDR submitted a proposal for the Mattingly Road Sewer Assessment Project. John Bennett will review the proposal and report to the Board.

Ed Schoenbaechler reported that both condemnation actions have been settled he is awaiting final easement documents so the court cases may be dismissed. He reported on assessments and rate structures. OCSD has not decided on the classification of customers and the assessments or charges for each classification.

John Bennett will work with Charles T Mitchell Company and others to recommend appropriate fees.

Greg Miklavcic presented the annual audit report. He recommended that OCSD create written policies on numerous items. He will send a letter to John Bennett detailing these recommendations. Kathy Wynne will obtain a copy of the County's written policies.

OCSD moved, seconded and approved to have Charles T Mitchell Company set up bookkeeping and payroll services not to exceed \$200.00 per month (unless prior approval is obtained). Charles T Mitchell will make monthly reports at the OCSD meeting.

Larry Cunningham and John Bennett will review fiscal agent's proposals. Larry Cunningham will make a recommendation to the Board for approval at the next meeting.

OCSD is awaiting a decision from the Kentucky Attorney General's office regarding the interlocal agreement with MSD.

F

Chris Crumpton, Tom Simpson and John Bennett will review the outstanding PDR invoices for clarification and payment after the meeting adjourned.

John Bennett presented a plan review for the Watch Mountain subdivision. John Bennett will send a letter to the Planning and Zoning Administrator approving the plan.

OCSD moved, seconded and approved to accept a PDR proposal for engineering consultant services for the Kentucky Correctional Institutional for Women Wastewater Treatment Plant elimination and the Ash Avenue Wastewater Treatment Plant acquisition.

A motion was made, seconded and approved to purchase the Covered Bridge Wastewater Treatment Plant. A newsrelease is attached. Kathy Wynne will fax the newsrelease to the Oldham Era and the Courier Journal.

The next meeting will be January 10, 2000.

The meeting was adjourned at 5:30pm.

Respectfully submitted by Kathy Wynne.

INTERLOCAL COOPERATION AGREEMENT**By and Between****OLDHAM COUNTY SANITATION DISTRICT****And****LOUISVILLE AND JEFFERSON COUNTY
METROPOLITAN SEWER DISTRICT****INTRODUCTION**

THIS AGREEMENT is made and entered into as of the _____ day of _____, 1999 by and between Oldham County Sanitation District (hereinafter "OCSD"), having its principal place of business located at P. O. Box 809, Crestwood, Oldham County, Kentucky 40014; and the Louisville and Jefferson County Metropolitan Sewer District (hereinafter "MSD"), having its principal place of business located at 700 West Liberty Street, Louisville, Jefferson County, Kentucky 40203-1911.

WHEREAS, OCSD is a sanitation district duly created and existing pursuant to the provisions of the Kentucky Revised Statutes, §§ 67.083 and 67.715(2), and Chapter 220, and by Oldham County Ordinance No. 96-830-26, acting by and through its duly appointed Board of Commissioners as its statutory governing body. OCSD is empowered, in part, to provide for the collection and disposal of sewage and other liquid wastes produced within the district; to construct the infrastructure required to collect, transport, and treat sewage and other liquid wastes; to maintain, operate, and repair the infrastructure, or to contract therefor; and to do all things necessary for the fulfillment of the purposes for which OCSD was created as set out in KRS §§ 220.010 to 220.520.

WHEREAS, MSD is a public body corporate and political subdivision duly created and existing pursuant to the provisions of the Kentucky Revised Statutes, §§ 76.010 to 76.210, acting by and through its duly appointed Board of Directors as its statutory governing body.

WHEREAS, OCSD and MSD, being "public agencies" within the definition included in KRS § 65.230, desire to enter into an agreement pursuant to the Interlocal Cooperation Act, KRS §§ 65.210 to 65.300, to provide for joint and cooperative action to their mutual advantage.

NOW, THEREFORE, in consideration of the premises, covenants, and mutual promises contained herein, the parties agree as follows:

TERMS OF AGREEMENT

1. **Purpose of Agreement.** The purpose of this Agreement is to provide for joint and cooperative efforts allowing MSD to provide services for the operation of sanitary sewage facilities and for the treatment and disposal of sewage and other liquid wastes within defined sections of the OCSD service area, as set out in this Agreement.

2. **Duration of Agreement.**
 - a. The duration of this Agreement shall be for a period of 20 years for the initial service areas, with each succeeding service area to be for the balance of the 20 year term that is remaining at the time the succeeding service area is added, and shall automatically be renewed for an additional term of 20 years unless terminated. Each period of renewal shall be on the same terms and conditions as set forth herein.

 - b. This Agreement, or any addendum to this Agreement, may be terminated by either party by providing written notice of intent to terminate at least one year prior to the termination date. Upon termination of this Agreement, or any addendum to this Agreement, OCSD will take all steps necessary to provide for the collection and disposal of sewage and other liquid wastes to the residents of the service areas affected by the termination.

3. **MSD Services.**

a. MSD will provide the following services under the terms of this Agreement:

- (i). For all Type A MSD service areas within the OCSD district as set out in the addendums hereto, MSD agrees to provide all equipment and services required to operate existing wastewater treatment plants which were either constructed or acquired by OCSD and all appurtenances thereto, including collector sewers, trunk sewers, intercepting sewers, siphons, pumping stations, treatment and disposal works, and other similar facilities. MSD will operate and maintain wastewater systems within the OCSD district to the same statutory and regulatory level as MSD is required to do within its service area in Jefferson County, Kentucky. MSD shall meet or exceed all wastewater treatment requirements and quality standards designated by OCSD's current permit with the Kentucky Division of Water, the Commonwealth of Kentucky, and the United States Environmental Protection Agency. All wastewater facilities in public ways and easements in Type A MSD service areas shall remain the property of OCSD with MSD having the right to manage and control the wastewater facilities in the normal course of completing MSD's obligations under this provision. Upon termination of this Agreement, MSD shall surrender and OCSD shall assume management and control of all facilities in Type A MSD service areas.
- (ii). For all Type B MSD service areas within the OCSD district as set out in the addendums hereto, MSD agrees to provide all equipment and services required to operate existing sanitary sewer systems and all appurtenances thereto, including collector sewers, trunk sewers, intercepting sewers, siphons, pumping stations, and other similar facilities. MSD will accept

sewage and other liquid wastes from the (OCSD) existing sanitary sewer system into its own sanitary systems in Jefferson County and will transport, treat, and dispose of that sewage and other liquid wastes with its own facilities. MSD will operate and maintain wastewater systems within the OCSD district to the same statutory and regulatory level as MSD is required to do within its service area in Jefferson County, Kentucky. All wastewater facilities in public ways and easements in Type B MSD service areas shall remain the property of OCSD with MSD having the right to manage and control the wastewater facilities in the normal course of completing MSD's obligations under this provision. Upon termination of this Agreement, MSD shall surrender and OCSD shall assume management and control of all facilities in Type A MSD service areas.

(iii). For all Type C MSD service areas within the OCSD district as set out in the addendums hereto, MSD will accept sewage and other liquid wastes from the existing OCSD wastewater facilities into its own sanitary sewer systems in Jefferson County and will transport, treat, and dispose of that sewage and other liquid wastes with its own facilities.

b. For its services provided for in Subparagraph 3.a., MSD will collect fees from the customers of OCSD based on the applicable MSD rates, which will include billing and administrative services necessary for the fee collections. However, OCSD will be responsible for the collection of delinquent accounts.

4. MSD Service Areas. In the addendums attached hereto, OCSD and MSD will jointly define the existing sanitary sewer systems in the OCSD district which will comprise MSD's service areas. OCSD will be responsible for the construction of all sanitary sewer systems within its district. OCSD and MSD will designate the MSD service area type as defined in paragraph 3.a. MSD's services will continue

for those defined service areas for the term of this Agreement and any extensions thereof, unless the parties mutually agree for the termination of MSD's services for specific service areas prior to the termination of this Agreement or any extensions thereof, or the reclassification of the service area Type to be applied.

5. **OCSD Support To MSD.** OCSD will provide all access and support to MSD necessary for MSD's fulfillment of its service requirements, including but not limited to right-of-ways and easements. OCSD and MSD agree to cooperate and provide any reasonable information and assistance for the purpose of carrying out the terms of this Agreement. MSD shall supply all employees necessary to operate and maintain the wastewater facilities referenced herein and said employees shall be governed by MSD's employment practices.

6. **Payment For Services.**

- a. MSD shall collect fees from OCSD and/or OCSD's customers based on the services provided within the different service areas. Service charges will be based on the following:

(i). Effective with the first full water meter reading period following the Execution of this Agreement MSD shall charge and collect from all customers within Type A MSD service areas in accordance with MSD's regular schedule of Rates, Rentals and Charges which may be amended from time to time. OCSD is responsible for billing and collecting the charges for new wastewater connections, capacity charges, tap on connection fees, and wastewater application fees.

- (ii). Effective with the first full water meter reading period following the Execution of this Agreement MSD shall charge and collect from all customers within Type B MSD service areas in accordance with MSD's regular schedule of Rates, Rentals and Charges which may be amended from time to time. OCSD is responsible for billing and collecting the charges for new wastewater connections, capacity charges, tap on connection fees, and wastewater application fees. All capacity charges collected within Type B MSD service areas are to be turned over to MSD within 7 days after their collection.
- (iii). Effective with the first full water meter reading period following the Execution of this Agreement MSD shall charge and collect from all customers within Type C MSD service areas a treatment component charge based on MSD's regular schedule of Rates, Rentals and Charges which may be amended from time to time. The treatment component charge shall represent those costs associated with the actual transportation, treatment and disposal of sewage and other liquid wastes accepted from the existing OCSD wastewater facilities. OCSD is responsible for billing and collecting the charges for new wastewater connections, capacity charges, tap on connection fees, and wastewater application fees. All capacity charges collected within Type C MSD service areas are to be turned over to MSD within 7 days after their collection.
- b. OCSD is responsible for billing and collecting the charges for new wastewater connections, capacity charges, tap on connection fees, and wastewater application fees. MSD recognizes that OCSD may add a surcharge for debt retirement and other expenses in addition to MSD's

charges set out in paragraphs (i), (ii), and (iii) above and MSD agrees to bill and collect those surcharges on behalf of OCSD.

- c. OCSD is responsible for securing all long-term financing and administering the re-payment of such debt.

7. **MSD's Interlocal Agreement With Oldham County.** On December 7, 1993, MSD entered into an Agreement of Interlocal Cooperation with Oldham County, a public body corporate created by the Commonwealth of Kentucky acting through its duly elected Fiscal Court, under the terms of which, MSD is responsible for the operation and maintenance of the wastewater facilities for the Glen Oak Subdivision in Oldham County. MSD, Oldham County, and OCSD have agreed that the wastewater facilities for the Glen Oaks Subdivision will become an asset of OCSD and MSD will operate the wastewater facilities for the Glen Oaks Subdivision as a Type B MSD service area. Upon termination of this Agreement, MSD shall surrender and OCSD shall assume management and control of all facilities in the Glen Oaks Subdivision. A copy of the December 7, 1993 interlocal agreement between MSD and Oldham County and the amendment to that agreement are attached hereto as Exhibit A to this Agreement.

8. **Board of Administration.** A joint board consisting of the president of OCSD or his duly appointed representative, the executive director of MSD or his designated representative, and the County Judge Executive of Oldham County shall be responsible for administering the cooperative undertaking set out in this Agreement.

9. Indemnification.

- a. (i). To the fullest extent permitted by law, MSD shall indemnify, hold harmless, and defend (with counsel subject to OCSD's approval, which approval shall not be unreasonably withheld) OCSD and its agents and employees from and against claims, damages, losses, and expenses, including but not limited to consultant and attorneys' fees, arising out of or resulting from performance of the services of this Agreement, including loss or expense attributable to bodily injury, sickness, disease, or death, to injury to or destruction of tangible property, including loss of use resulting therefrom, and to economic losses, but only to the extent caused in whole or in part by the negligent acts or omissions of MSD or anyone directly or indirectly employed by MSD or anyone for whose acts MSD may be liable, regardless of whether or not such claim, damage, loss, or expense is caused in part by OCSD. Such obligation shall not be construed to negate, abridge, or reduce other rights or obligations of indemnify which would otherwise exist as to a party or person described in this Paragraph 9.a.
- (ii). In claims against any person or entity indemnified under this Paragraph 9.a. by an employee of MSD or anyone directly or indirectly employed by MSD or anyone for whose acts MSD may be liable, the indemnification obligation under this Paragraph 9.a. shall not be limited by a limitation on amount or type of damages, compensation, or benefits payable by or for MSD under worker's or workmen's compensation acts, disability benefits acts, or their employee benefits acts.
- (iii). MSD shall pay all royalties and license fees required for its services hereunder. MSD shall defend suits or claims for infringement of patent rights and shall hold OCSD harmless from loss on account thereof.

b. (i). To the fullest extent permitted by law, OCSD shall indemnify, hold harmless, and defend (with counsel subject to MSD's approval, which approval shall not be unreasonably withheld) MSD and its agents and employees from and against claims, damages, losses, and expenses, including but not limited to consultant and attorneys' fees, arising out of or resulting from performance of OCSD's obligations of this Agreement, including loss or expense attributable to bodily injury, sickness, disease, or death, to injury to or destruction of tangible property, including loss of use resulting therefrom, and to economic losses, but only to the extent caused in whole or in part by the negligent acts or omissions of OCSD or anyone directly or indirectly employed by OCSD or anyone for whose acts OCSD may be liable, regardless of whether or not such claim, damage, loss, or expense is caused in part by MSD. Such obligation shall not be construed to negate, abridge, or reduce other rights or obligations of indemnity, which would otherwise exist as to a party or person described in this Paragraph 9.b.

(ii). In claims against any person or entity indemnified under this Paragraph 9.b. by an employee of OCSD or anyone directly or indirectly employed by OCSD or anyone for whose acts OCSD may be liable, the indemnification obligation under this Paragraph 9.b. shall not be limited by a limitation on amount or type of damages, compensation, or benefits payable by or for OCSD under worker's or workmen's compensation acts, disability benefits acts, or their employee benefits acts.

10. **Disputes.** OCSD and MSD recognize that disputes may arise during the term of this Agreement and that such disputes may adversely affect the performance of services under this Agreement. OCSD and MSD further recognize that a prompt

comprehensive approach to avoiding and resolving disputes is beneficial to both parties. OCSD and MSD therefore agree that the following dispute resolution procedure shall be used to resolve any disputes that may arise.

- a. Within 20 working days after the commencement of an event that may result in the making of a claim by either party, or within 10 working days after the end of said event, whichever is longer, the claiming party shall give a written claim to the other party. The claim shall set forth the circumstances giving rise to the claim, facts, documents, backup data, and other information supporting the claim, the relief sought, and those persons with knowledge of the circumstances giving rise to the claim. Failure by the claiming party to provide written notice of the claim as provided herein shall result in a waiver of the claim.
- b. If a party receiving a claim objects, in whole or in part, to the claim, it shall give written notice to the other party within 20 working days after actually receiving said notice of its objection to the claim and the basis for the objection, including all documents, backup data, and other information which would disapprove the claim, and the names of any additional persons having knowledge that would tend to disapprove the claim. This notice may be mailed, telecopied, hand delivered, or otherwise transmitted to the other party. If a party receiving a claim fails to give written notice of its objection as provided herein, the receiving party shall be conclusively deemed to agree with said claim and the claimant shall be entitled to the relief requested.
- c. If the party receiving the claim files a notice of objection, a senior executive of OCSD and a senior executive of MSD shall meet within 30

days after commencement of the dispute in an attempt to resolve the dispute.

- d. If the senior executives are unable to resolve the dispute, the senior executives of the parties, or their attorneys, shall meet within 10 working days after a party has received a written demand for mediation, and agree on a mediator. If the parties are unable to agree upon a mediator, either party may file a written demand for mediation on the other and a mediator shall be appointed pursuant to the Commercial Mediation Rules of the American Arbitration Association. The date of the mediation shall be set within 20 working days after the selection of a mediator. All disputes, including disputes identified after the selection of the mediator, shall be submitted to the mediator.
- e. If the parties are unable to resolve all of their disputes in mediation, or if the mediation is not set within 20 working days after a mediator is selected, either party may pursue its remedy in a court of law. However, mediation shall be an express condition precedent to the pursuit of any remedy in civil court.

11.

Severability

- a. Nonmaterial provisions of this Agreement are severable. In the event that any nonmaterial provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such finding shall not invalidate and render unenforceable any other provisions herein except to the extent required by law.

- b. Material provisions of this Agreement are nonseverable. In the event that any material provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, this Agreement shall terminate. However, if this Agreement is terminated by operation of law, then the parties agree that MSD will continue to provide the services set out in Subparagraph 3.a. and MSD will continue to collect fees for its services for a period of not less than 180 days from the date of a court's ruling to allow time for the parties to re-negotiate this Agreement. The parties acknowledge that the requirements of this provision of the Agreement shall survive the termination of the Agreement.

12. **Governing Law, Jurisdiction and Venue.** This Agreement shall be interpreted pursuant to the laws of the Commonwealth of Kentucky. The Oldham Circuit Court, Oldham County, Kentucky, shall have exclusive jurisdiction and venue to interpret the terms of this Agreement, to settle disputes arising under this Agreement, and to enforce this Agreement. The parties to this Agreement agree and hereby submit themselves to the jurisdiction of the Oldham Circuit Court for these purposes.

13. **Scope Of And Commitment To This Agreement.**

- a. This Agreement, including its preamble and recitals and all exhibits and amendments hereto, shall constitute and contain the entire agreement and understanding of the parties and shall supersede and replace all prior negotiations, proposed agreements or agreements, whether written or oral, except as may be specifically provided for in this Agreement.
- b. In executing this agreement, OCSD and MSD accept all duties, functions and obligations created thereby and agree to perform promptly and with

the best of their ability all tasks, activities, and obligations necessary to effect the intent of this Agreement.

- 14. Approval Of The Attorney General. Pursuant to the provisions of KRS § 65.260(2) of the Interlocal Cooperation Act, this Agreement shall be submitted to the Attorney General of the Commonwealth of Kentucky for approval based upon a determination that the Agreement is in the proper form and compatible with the laws of the Commonwealth of Kentucky and meets the conditions set forth in KRS §§ 65.210 to 65.300.

IN WITNESS THEREOF. OCSD and MSD have executed this Agreement in their respective names by authorization of their governing bodies, effective on the dates indicated.

OLDHAM COUNTY SANITATION DISTRICT

BY: _____

TITLE: _____

DATE: _____

Authorized by Resolution of the OCSD Board of Directors on _____.

LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT

BY: _____

TITLE: _____

DATE: _____

Authorized by Resolution of the MSD Board of Directors on _____.

Reviewed By:

Attorney At Law
700 West Liberty Street
Louisville, Kentucky 40203-1911

Approval Of The Attorney General:

This Interlocal Cooperation Agreement between the Oldham County Sanitation District and the Louisville and Jefferson County Metropolitan Sewer District is in the proper form, is compatible with the laws of the Commonwealth of Kentucky, and meets the conditions set forth in KRS §§ 65.210 to 65.300. Therefore, this Agreement is approved pursuant to KRS § 65.260(2).

**ATTORNEY GENERAL OF THE
COMMONWEALTH OF KENTUCKY**

BY: _____

DATE: _____

00370mwf.doc



Paul E. Patton, Governor
Ronald B. McCloud, Secretary
Public Protection and
Regulation Cabinet

Martin J. Huelsmann
Executive Director
Public Service Commission

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
211 SOWER BOULEVARD
POST OFFICE BOX 615
FRANKFORT, KENTUCKY 40602-0615
www.psc.state.ky.us
(502) 564-3940
Fax (502) 564-3460

B. J. Helton
Chairman

Edward J. Holmes
Vice Chairman

Gary W. Gillis
Commissioner

February 23, 2000

Robert C. Moore, Esq.
Hazelrigg and Cox
Post Office Box 676
Frankfort, Kentucky 40602-0676

Re: Case No. 1999-496
Covered Bridge Utilities, Inc.

Dear Mr. Moore:

On February 14, 2000, I advised you by letter that the Commission required information to demonstrate Oldham County Sanitation District's financial, technical, and managerial abilities to provide reasonable utility service to approve the transfer of Covered Bridge Utilities, Inc.'s facilities to Oldham County Sanitation District. As of date, the Commission has not received such information.

Pursuant to KRS 278.020(5), the Commission must act upon the Covered Bridge Utilities' application no later than March 2, 2000. If the information previously requested by Commission Staff is not provided by February 25, 2000, Commission Staff will be left with no recourse but to recommend denial of the application to the Commission.

If you have any questions regarding this letter, please telephone me at (502) 564-3940, Extension 259.

Sincerely,

A handwritten signature in black ink, appearing to read "Gerald E. Wuetcher".

Gerald E. Wuetcher
Staff Attorney

cc: Parties of Record





Paul E. Patton
Governor

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
211 SOWER BOULEVARD
POST OFFICE BOX 615
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(502) 564-3940
Fax (502) 564-1582

Ronald B. McCloud, Secretary
Public Protection and
Regulation Cabinet

Martin J. Huelsmann
Executive Director
Public Service Commission

February 14, 2000

Robert C. Moore, Esq.
Hazelrigg and Cox
Post Office Box 676
Frankfort, Kentucky 40602-0676

Re: Case No. 1999-496
Covered Bridge Utilities, Inc.

Dear Mr. Moore:

Thank you for Covered Bridge Utilities' recent response to Commission Staff's Interrogatories and Requests for Production of Documents.

Covered Bridge Utilities' responses to Interrogatories 2, 4, and 6 and to Requests 1, 2, 4, 7, 8, 9, and 10, however, are not responsive. None of the requested information is provided. Commission Staff respectfully requests that Covered Bridge Utilities or Oldham Sanitation District provide the information within seven days of the letter.

Please note that to approve the transfer of Covered Bridge Utilities' facilities, the Commission must find that Oldham County Sanitation District has the financial, technical, and managerial abilities to provide reasonable utility service. See KRS 278.020(4). Without the requested information, the Commission may be unable to make the requisite finding and thus may be unable to approve the proposed transfer.

If you have any questions regarding this matter, please telephone me at (502) 564-3940, Extension 259.

Sincerely,

A handwritten signature in black ink, appearing to read "Gerald E. Wuetcher".

Gerald E. Wuetcher
Staff Attorney

cc: Main Case File
Parties of Record

C:\My Documents\PSC Cases\1999\99-496\20000214_Letter_Moore_Interrogatories.doc





COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
211 SOWER BOULEVARD
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

February 14, 2000

To: All parties of record

RE: Case No. 1999-496

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Bell".

Stephanie Bell
Secretary of the Commission

SB/hv
Enclosure

Lawrence W. Smither
President
Covered Bridge Utilities, Inc.
136 St. Matthews Avenue
Suite 275
Louisville, KY 40207 3191

Martin G. Cogan
Vice President
Covered Bridge Utilities, Inc.
136 St. Matthews Avenue
Suite 275
Louisville, KY 40207 3191

Honorable W. H. Spalding
Attorney at Law
2950 Breckenridge Lane
Suite 3
Louisville, KY 40220

Richard Chadwell
President
Oldham County Sanitation District
7311 Highway 329
Suite 542
Crestwood, KY 40014

Honorable Robert C. Moore
Attorney/Covered Bridge Utilities
Hazelrigg and Cox
P. O. Box 676
415 West Main Street, 1st Floor
Frankfort, KY 40602 0676

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF COVERED BRIDGE)
UTILITIES, INC. FOR APPROVAL OF THE)
TRANSFER OF THE COVERED BRIDGE) CASE NO. 99-496
WASTEWATER TREATMENT PLANT TO THE)
OLDHAM COUNTY SANITATION DISTRICT)

ORDER

Covered Bridge Utilities, Inc. ("Covered Bridge") has moved for an extension of time in which to answer Commission Staff's Interrogatories and Requests for Production of Documents. Pursuant to Commission Staff's request, Covered Bridges' response was required on January 24, 2000. On February 7, 2000, Covered Bridge tendered its responses to these Interrogatories and Requests for Production of Documents.

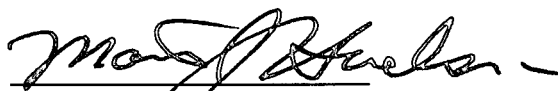
Having considered the motion and finding that the motion should be granted, the Commission HEREBY ORDERS that:

1. Covered Bridge's Motion for Extension of Time is granted.
2. Covered Bridge's Responses to Commission Staff's Interrogatories and Requests for Production of Documents is accepted for filing as of February 7, 2000.

Done at Frankfort, Kentucky, this 14th day of February, 2000.

By the Commission

ATTEST:


Executive Director

RECEIVED

FEB 11 2000

PUBLIC SERVICE
COMMISSION

FAX: (502) 875-7158
TELEPHONE: (502) 227-2271

HAZELRIGG AND COX
ATTORNEYS AT LAW
415 WEST MAIN STREET
P.O. Box 676
FRANKFORT, KENTUCKY 40602-0676

WILLIAM P. CURLIN, JR.
JOHN B. BAUGHMAN
ROBERT C. MOORE
HOLLAND B. SPADE

RECEIVED

FEB 11 2000

GENERAL COUNSEL

February 9, 2000

Gerald Wuetcher
Public Service Commission
730 Schenkel Lane
P.O. Box 615
Frankfort, Kentucky 40602

Re: Case No. 1999-496 Covered Bridge Utilities, Inc.
(Transfer/Sale/Purchase/Merger to Oldham County Sanitation District)

Dear Mr. Wuetcher:

Please find enclosed a copy of page 3 of the answers of Covered Bridge Utilities, Inc. to the Public Service Commission's Interrogatories and Requests for Production of Documents. This page contains the original notarized signature of Martin G. Cogan. Please feel free to contact me if you have any questions concerning this matter.

Sincerely,

HAZELRIGG AND COX


Robert C. Moore

cc: Marty Cogan

RECEIVED

FEB 11 2000

GENERAL COUNSEL

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

FEB 07 2000

PUBLIC SERVICE
COMMISSION

In the Matter of:

COVERED BRIDGE UTILITIES, INC.-
TRANSFER/SALE/PURCHASE/MERGER TO
OLDHAM COUNTY SANITATION DISTRICT) 1999-496

**ANSWERS TO COMMISSION STAFF'S INTERROGATORIES AND
REQUESTS FOR PRODUCTION OF DOCUMENTS**

Comes Covered Bridge Utilities, Inc. ("Covered Bridge"), by counsel, and for its Answers to the Interrogatories and Requests for Production of Documents propounded upon it by the Commission Staff, hereby states as follows.

INTERROGATORIES

INTERROGATORY NO. 1. State the amount that Oldham County Sanitation District ("Oldham District") will pay to purchase Covered Bridge's facilities.

ANSWER: The Oldham County Sanitation District will pay \$380,000.00 to purchase Covered Bridge's facilities.

INTERROGATORY NO. 2. Describe how Oldham District will finance its purchase of the Covered Bridge facilities.

ANSWER: The information responsive to Interrogatory No. 2 is not in the possession, custody or control of Covered Bridge Utilities, Inc. This information can be obtained from the Oldham County Sanitation District.


INTERROGATORY NO. 3. What is the estimated cost of cleaning up and restoring the tertiary lagoon portion of the Covered Bridge wastewater treatment plant site to the Kentucky Natural Resources and Environmental Protection Cabinet's standards?

Pollutant Discharge Elimination System ("KPDES") for the Covered Bridge facilities? (B) If no, when and how will Oldham District acquire a KPDES permit for the facilities?

ANSWER: Covered Bridge Utilities, Inc. believes that the Oldham County Sanitation District does not currently have a Kentucky Pollutant Discharge Elimination System ("KPDES") permit for the Covered Bridge facilities. However, upon the completion of the sale of the Covered Bridge wastewater treatment facilities to Oldham County Sanitation District, Covered Bridge will seek to obtain permission to assign the permit for this facility to the Oldham County Sanitation District.

INTERROGATORY NO. 8. State the rate that Oldham District will charge to Hayfield Utilities upon completion of the transfer.

ANSWER: Pursuant to the Purchase Agreement by and between the Oldham County Sanitation District and Covered Bridge Utilities, Inc. and Hayfield Utilities, Inc., for the three (3) years immediately following the completion of the transfer of the facilities, the Oldham County Sanitation District will charge Hayfield Utilities \$3,500.00 per month to treat the sewage and wastewater generated by the Countryside Subdivision.



Martin G. Cogan

STATE OF KENTUCKY)
)SS
COUNTY OF Jefferson)

SUBSCRIBED AND SWORN TO before me by Martin G. Cogan on this 8th
day of February, 2000.

My commission expires: 12/5/01
Christie Thompson

RECEIVED

FEB 3 2000

GENERAL COUNSEL
DEPT. OF REVENUE
HAZELRIGG (1881-1970)
LOUIS COX (1907-1971)

HAZELRIGG AND COX
ATTORNEYS AT LAW
415 WEST MAIN STREET
P.O. Box 676
FRANKFORT, KENTUCKY 40602-0676

WILLIAM P. CURLIN, JR.
JOHN B. BAUGHMAN
ROBERT C. MOORE
HOLLAND B. SPADE

FAX: (502) 875-7158
TELEPHONE: (502) 227-2271

February 2, 2000

By Facsimile: 564-1582
Gerald Wuetcher
Public Service Commission
730 Schenkel Lane
P.O. Box 615
Frankfort, Kentucky 40602

RECEIVED
FEB 09 2000
PUBLIC SERVICE
COMMISSION

Re: Case No. 1999-496 Covered Bridge Utilities, Inc.
(Transfer/Sale/Purchase/Merger to Oldham County Sanitation District)

Dear Mr. Wuetcher:

As we discussed in our telephone conversation of January 28, 2000, Covered Bridge Utilities, Inc. has agreed to extend for twenty (20) days the time frame within which the Public Service Commission is to act on the application to sell its wastewater treatment facility to the Oldham County Sanitation District. If an agreed order needs to be executed to confirm this agreement, please forward it to me for my signature.

Sincerely,

HAZELRIGG AND COX
Robert C. Moore
Robert C. Moore

cc: Marty Cogan

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

COVERED BRIDGE UTILITIES, INC.-
TRANSFER/SALE/PURCHASE/MERGER TO
OLDHAM COUNTY SANITATION DISTRICT) 1999-496

RECEIVED

FEB 07 2000

PUBLIC SERVICE
COMMISSION

**ANSWERS TO COMMISSION STAFF'S INTERROGATORIES AND
REQUESTS FOR PRODUCTION OF DOCUMENTS**

Comes Covered Bridge Utilities, Inc. ("Covered Bridge"), by counsel, and for its Answers to the Interrogatories and Requests for Production of Documents propounded upon it by the Commission Staff, hereby states as follows.

INTERROGATORIES

INTERROGATORY NO. 1. State the amount that Oldham County Sanitation District ("Oldham District") will pay to purchase Covered Bridge's facilities.

ANSWER: The Oldham County Sanitation District will pay \$380,000.00 to purchase Covered Bridge's facilities.

INTERROGATORY NO. 2. Describe how Oldham District will finance its purchase of the Covered Bridge facilities.

ANSWER: The information responsive to Interrogatory No. 2 is not in the possession, custody or control of Covered Bridge Utilities, Inc. This information can be obtained from the Oldham County Sanitation District.

INTERROGATORY NO. 3. What is the estimated cost of cleaning up and restoring the tertiary lagoon portion of the Covered Bridge wastewater treatment plant site to the Kentucky Natural Resources and Environmental Protection Cabinet's standards?

ANSWER: The estimated cost of cleaning up and restoring the tertiary lagoon portion of the Covered Bridge wastewater treatment plant to meet applicable standards is \$21,000.00.

INTERROGATORY NO. 4. What sewage treatment facilities does Oldham District currently operate?

ANSWER: The information responsive to Interrogatory No. 4 is in the possession, custody and control of the Oldham County Sanitation District.

INTERROGATORY NO. 5. Does Oldham District agree that, if it is organized under KRS Chapters 65 and 67 instead of KRS Chapter 220, it is subject to the Public Service Commission's jurisdiction upon its acquisition of the Covered Bridge facilities? If no, explain why it believes it would not be subject to the Public Service Commission.

ANSWER: The information responsive to Interrogatory No. 5 is in the possession, custody and control of the Oldham County Sanitation District.

INTERROGATORY NO. 6. (A) How many persons does Oldham District employ? (B) What are the duties of these employees? (C) List the duties of these employees. (D) For what services, if any, does Oldham District engage outside contractors? (E) When operating the Covered Bridge facilities, what services, if any, will Oldham District not be able to perform using its own employees only? (F) Provide the name and the certified wastewater system operator certificate number of the person who will serve as the facilities' certified wastewater system operator.

ANSWER: The information responsive to Interrogatory No. 6 is in the possession, custody and control of the Oldham County Sanitation District.

INTERROGATORY NO. 7. (A) Does Oldham District currently have a Kentucky

Pollutant Discharge Elimination System ("KPDES") for the Covered Bridge facilities? (B) If no, when and how will Oldham District acquire a KPDES permit for the facilities?

ANSWER: Covered Bridge Utilities, Inc. believes that the Oldham County Sanitation District does not currently have a Kentucky Pollutant Discharge Elimination System ("KPDES") permit for the Covered Bridge facilities. However, upon the completion of the sale of the Covered Bridge wastewater treatment facilities to Oldham County Sanitation District, Covered Bridge will seek to obtain permission to assign the permit for this facility to the Oldham County Sanitation District.

INTERROGATORY NO. 8. State the rate that Oldham District will charge to Hayfield Utilities upon completion of the transfer.

ANSWER: Pursuant to the Purchase Agreement by and between the Oldham County Sanitation District and Covered Bridge Utilities, Inc. and Hayfield Utilities, Inc., for the three (3) years immediately following the completion of the transfer of the facilities, the Oldham County Sanitation District will charge Hayfield Utilities \$3,500.00 per month to treat the sewage and wastewater generated by the Countryside Subdivision.

Martin G. Cogan

STATE OF KENTUCKY)
)SS
COUNTY OF _____)

SUBSCRIBED AND SWORN TO before me by _____ on this _____
day of February, 2000.

My commission expires: _____.

REQUESTS FOR PRODUCTION OF DOCUMENTS

REQUEST NO. 1. Provide the journal entries that Oldham District will record to reflect the purchase of the facilities of Covered Bridge Utilities, Inc. ("Covered Bridge").

ANSWER: The information responsive to Request No. 1 is in the possession, custody and control of the Oldham County Sanitation District.

REQUEST NO. 2. Provide the journal entries that Covered Bridge will record to reflect the transfer of its facilities to Oldham District.

ANSWER: See attached.

REQUEST NO. 3. Provide an unredacted copy of the "Purchase Agreement by and between Oldham County Sanitation District and Covered Bridge Utilities, Inc. and Hayfield Utilities" with all exhibits.

ANSWER: See attached.

REQUEST NO. 4. Provide the following financial statements for Oldham District for the 1998 and 1999 calendar years: (A) Balance sheet; (B) Income Statement; (C) Statement of Retained Earnings.

ANSWER: The information responsive to Request No. 4 is in the possession, custody and control of the Oldham County Sanitation District.

REQUEST NO. 5. Provide a copy of Covered Bridge's Annual Report for the calendar year ending December 31, 1998.

ANSWER: See attached.

REQUEST NO. 6. Provide the following financial statements for Covered Bridge Utilities for the 1999 calendar year: (A) Balance Sheet; (B) Income Statement; (C) Statement of Retained Earnings.

ANSWER: See attached.

REQUEST NO. 7. Provide a copy of the Commission of Sanitation Districts' declaration that Oldham District is organized as a sanitation district and giving Oldham District its name.

ANSWER: The information responsive to Request No. 7 is in the possession, custody and control of the Oldham County Sanitation District.

REQUEST NO. 8. Provide a copy of the Commission of Sanitation Districts' certification of Oldham District's organization to: (A) Kentucky Secretary of State; (B) Oldham County Clerk; (C) Oldham County Judge Executive.

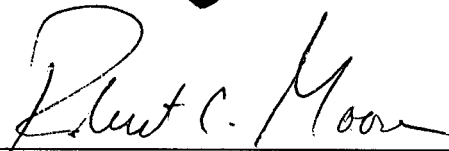
ANSWER: The information responsive to Request No. 8 is in the possession, custody and control of the Oldham County Sanitation District.

REQUEST NO. 9. Provide a complete copy of Oldham County Fiscal Court Ordinance No. 96-830-26.

ANSWER: The information responsive to Request No. 9 is in the possession, custody and control of the Oldham County Sanitation District.

REQUEST NO. 10. Provide a copy of the resolution of Oldham District's Board of Commissioners authorizing the acquisition of the Covered Bridge facilities.

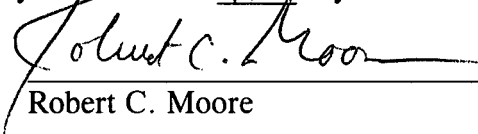
ANSWER: The information responsive to Request No. 10 is in the possession, custody and control of the Oldham County Sanitation District.



Robert C. Moore
Hazelrigg and Cox
P.O. Box 676
415 West Main Street, 1st Floor
Frankfort, Kentucky 40602-0676
Attorney for Covered Bridge Utilities, Inc.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by first class mail, postage prepaid, on Lawrence W. Smither, President, Covered Bridge Utilities, Inc., 136 St. Matthews Avenue, Suite 275, Louisville, Kentucky 40207-3191, Martin G. Cogan, Vice President, Covered Bridge Utilities, Inc., 136 St. Matthews Avenue, Suite 300, Louisville, Kentucky 40217-3191 and on Richard Chadwell, President, Oldham County Sanitation District, 7311 Highway 329, Suite 542, Crestwood, Kentucky 40014 on this 4th day of February, 2000.



Robert C. Moore

FROM : LOGSDON & CO., PC

FAX NO. :

Jan. 24 2000 01:00PM P1

**COVERED BRIDGE UTILITIES, INC.
Journal Entry to Record Sale**

Debit	Cash in Bank	\$280,000.00
Debit	Note Receivable	\$100,000.00
Debit	Reserve for Depreciation	\$47,360.00
Credit	Treatment Plant	(\$305,976.56)
Credit	Gain on Sale	<u>(\$121,383.44)</u>
		\$0.00

Record sale to Oldham County Sanitation District.

PURCHASE AGREEMENT
by and between
Oldham County Sanitation District
and
Covered Bridge Utilities, Inc.
and
Hayfield Utilities, Inc.

THIS AGREEMENT, made this 7th day of Dec, 1999, by and between **COVERED BRIDGE UTILITIES, INC.** and **HAYFIELD UTILITIES, INC.**, (136 St. Matthews Avenue, Suite 300, Louisville, Kentucky), Party of the First Part (hereinafter called the "GRANTOR") and **OLDHAM COUNTY SANITATION DISTRICT**, (7311 Hwy 329, Suite 542, Crestwood, Kentucky), Party of the Second Part (hereinafter called the "GRANTEE").

WITNESSETH THAT:

WHEREAS, GRANTOR is the owner of certain wastewater collection, conveyance and treatment facilities located adjacent to and providing service to Covered Bridge Farms subdivision and Countryside subdivision in the County of Oldham, in the Commonwealth of Kentucky; and

WHEREAS, GRANTEE desires to purchase and acquire ownership of all wastewater collection, conveyance and treatment facilities (hereinafter referred to as "Wastewater System") owned by the **GRANTOR** for the purpose of construction, operation, maintenance, and any reconstruction of sanitary sewers, pump stations, force mains, treatment facilities and related equipment, structures or materials, (hereinafter referred to as "appurtenances"), thereto together with the right of ingress and egress to said Wastewater System;

NOW, THEREFORE, GRANTOR agrees to convey and **GRANTEE** hereby agrees to purchase said Wastewater System upon the following terms and conditions:

1. The Covered Bridge Wastewater System covered by this Agreement is generally shown on Exhibit 1, which is attached hereto and made a part hereof.
2. **GRANTOR** and **GRANTEE** hereby agree to jointly prepare and submit to the State of Kentucky, Public Service Commission ("PSC"), documents in order to obtain approval of the sale of the Covered Bridge Wastewater System. It is expressly agreed that the sale of the Covered Bridge Wastewater System is contingent upon the approval of the PSC.
3. **GRANTEE** agrees to acquire ownership of the Covered Bridge Wastewater System and initiate operation and maintenance of same by January 1, 2000, contingent upon obtaining the approval of the PSC. This acquisition date can be revised by the agreement of the parties to this Agreement.
4. **GRANTOR** has disclosed the Wastewater System condition to **GRANTEE** and **GRANTEE** agrees to accept the Wastewater System owned by **GRANTOR** in an "as is"

condition.

5. Covered Bridge Utilities, Inc. will be allowed to collect all sewer fees and system invoices for services provided prior to January 1, 2000, or such other date as may be agreed to by the parties.
6. **GRANTEE** agrees to honor and continue to give effect to the Agreement between Covered Bridge and Hayfield Utilities, Inc. which provides that Covered Bridge will treat the sewage and wastewater generated by Countryside subdivision for the sum of \$3,500 per month, contingent upon ownership transfer of the wastewater collection and conveyance system of Hayfield Utilities, Inc. to **GRANTEE** within a period of three years from January 1, 2000. Hayfield Utilities, Inc. agrees to execute all documents necessary to transfer its wastewater collection and treatment system to **GRANTEE** on or before January 1, 2003. Hayfield Utilities, Inc. will be allowed to collect all fees and invoices for services provided prior to the transfer of the wastewater collection and conveyance system to the **GRANTEE**.
7. **GRANTEE** will assume responsibility for complete cleanup and restoration of the tertiary lagoon portion of the Covered Bridge wastewater treatment plant site to the standards established by the Kentucky Natural Resources and Environmental Protection Cabinet.
8. At such time as the wastewater treatment plant is taken out of service by **GRANTEE**, **GRANTEE** will reconvey for the sum of \$10.00 the plant property and all equipment back to **GRANTOR** or its assign. **GRANTEE** will provide three sewer taps to the Wastewater System to Covered Bridge or its assign, contingent upon Covered Bridge's conveyance of minimal site intrusive sewer, pump station and force main easements to **GRANTEE** necessary for **GRANTEE'S** facilities.
9. **GRANTOR** covenants that they are lawfully seized and possessed of the property and facilities above described and conveyed. **GRANTOR** covenants that they have full right and power to convey the same and said property is free of all encumbrances, except current taxes and restrictions and/or mortgages of record.
10. The **GRANTEE** hereby agrees to pay to Covered Bridge the sum of **TWO HUNDRED EIGHTY THOUSAND DOLLARS (\$280,000.00)** to purchase Covered Bridge's Wastewater System on or before January 1, 2000, and thereafter to pay an additional **ONE HUNDRED THOUSAND DOLLARS (\$100,000.00)** to Covered Bridge by making payments to Covered Bridge of **FORTY THOUSAND DOLLARS (\$40,000)** on January 1, 2001, **THIRTY THOUSAND DOLLARS (\$30,000)** on January 1, 2002, **TWENTY THOUSAND DOLLARS (\$20,000)** on January 1, 2003 and **TEN THOUSAND DOLLARS (\$10,000)** on January 1, 2004. Upon the receipt of the initial payment of **TWO HUNDRED EIGHTY THOUSAND DOLLARS (\$280,000.00)** on or before January 1, 2000, Covered Bridge shall execute all documents necessary to convey the Covered Bridge Wastewater System to the **GRANTEE**.
11. The parties agree that this Agreement is to be governed by Kentucky law.

The undersigned GRANTOR and GRANTEE admit to having read the contents of this Agreement and acknowledge receipt of a copy of same, and are not relying on verbal statements not contained herein.

IN TESTIMONY WHEREOF, witness the signatures of the parties hereto the day, month and year first above written.

OLDHAM COUNTY SANITATION DISTRICT

By:  Date: 12/7/99
Richard Chadwell, President

COVERED BRIDGE UTILITIES, INC.

By:  Date: 12/7/99
Martin G. Cogan, Vice President

HAYFIELD UTILITIES, INC.

By:  Date: 12/7/99
Carroll F. Cogan, President

PUBLIC SERVICE COMMISSION OF KENTUCKY
REPORT OF GROSS OPERATING REVENUES DERIVED FROM INTRA-KENTUCKY
BUSINESS FOR THE YEAR ENDING DECEMBER 31, 1998

COVERED BRIDGE UTILITIES INC 136 ST MATTHEWS AVE STE 300
(Utility Reporting) (Address) LOUISVILLE, KY 40202

(DO NOT INCLUDE TAXES COLLECTED)

- (1) Gross Revenues of Electric Utility...\$
(2) Gross Revenues of Gas Utility...\$
(3) Gross Revenues of Radio-Telephone Utility...\$
(4) Gross Revenues of Cellular Telephone Utility...\$
(5) Gross Revenues of Telephone Utility...\$
(6) Gross Revenues of Water Utility...\$
(7) Gross Revenues of Sewer Utility...\$ 39593
(8) Other Operating Revenues...\$
*** TOTAL GROSS REVENUES...\$ 39593

COPY

O A T H
State of...)
) ss.
County of...)

being duly sworn, states that he/she
is (Officer) of the COVERED BRIDGE UTILITIES INC
(Official Title) (Utility Reporting)

that the above report of gross revenues is in exact accordance with
the books of accounts of:

COVERED BRIDGE UTILITIES INC, and that such books
(Utility Reporting)
accurately show the gross revenues of:

COVERED BRIDGE UTILITIES INC, derived from Intra-Kentucky
(Utility Reporting)

business for the year ending _____, 19__

(Officer) (Title)

This the _____ day of _____, 19__

(Notary Public) (County)

My Commission expires _____

NOTE: ANY DIFFERENCE BETWEEN THE AMOUNT OF THE GROSS REVENUES SHOWN
IN THE ANNUAL REPORT AND THE AMOUNT APPEARING ON THIS STATEMENT
MUST BE RECONCILED ON THE REVERSE SIDE OF THIS REPORT

GENERAL INFORMATION

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

2. Give the location including street, zip code and telephone number of the principal office in Kentucky 136 ST MATTHEWS AVE STE 300
LOUISVILLE KY 40207
(502) 899-1950

3. Give name, title, address and telephone number of the officer to whom correspondence concerning this report should be addressed
MARTIN G. COGAN VP
SAME

4. Name of State under the laws of which respondent is incorporated and the date of incorporation KY 8-14-89

5. Date sewer utility began operations JUNE 1980

6. Name of City, Town, Community, Sub-division and County in which respondent furnishes sewer service COVERED BRIDGE FARMS
OLDHAM COUNTY, KY

7. Number of employees: Full time - 0 -, Part time - 0 -

PRINCIPAL OFFICERS

Title	Name	Official Address	Annual Salary and/or Fee
<u>PRES</u>	<u>LAWRENCE W SMITH</u>	<u>SAME</u>	<u>3600</u>
<u>VICE-PRES</u>	<u>MARTIN G COGAN</u>	<u>SAME</u>	<u>4200</u>

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)	195832	486809
5	Less: Accum. Prov. for Depr. and Amort.		
6	of Utility Plant(110)	12830	17450
7	Net Utility Plant	183002	469359
8			
9	OTHER PROPERTY AND INVESTMENTS		
10			
11	Non-Utility Property(121)		
12	Less: Accum. Prov. for Depr. and Amort.		
13	of Non-Utility Property(122)		
14	Net Non-Utility Property		
15	Other Investments(124)		
16	Special Funds(125)		
17			
18			
19	Total Other Property and Investments		
20			
21	CURRENT AND ACCRUED ASSETS		
22			
23	Cash and Working Funds(131)	90	94
24	Temporary Cash Investments(132)		
25	Notes Receivable(141)		
26	Customer Accounts Receivable(142)	3432	21287
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)		
33	Other Current and Accrued Assets(170)		
34			
35			
36			
37	Total Current and Accrued Assets	3522	21381
38			
39	DEFERRED DEBITS		
40			
41	Unamortized Debt Discount and Expense(181)		
42	Extraordinary Property Losses(182)		
43	Other Deferred Debits(183)		1350
44			
45			
46			
47	Total Deferred Debits		1350
48			
49			
50	TOTAL ASSETS AND OTHER DEBITS	186524	492090

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)	1000	1000
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)	(149587)	(197517)
11	Non-Corporate Proprietorship(218)		
12	Total Equity Capital	(148587)	(196517)
13			
14	LONG TERM DEBT		
15			
16	Bonds(221)		
17	Advances From Associated Companies(223)		
18	Other Long Term Debt(224)		290977
19	Total Long Term Debt		290977
20			
21	CURRENT AND ACCRUED LIABILITIES		
22			
23	Notes Payable(231)		30000
24	Accounts Payable(232)	35166	59013
25	Notes Payable to Associated Companies(233)		
26	Accounts Payable to Associated Companies(234)	29113	37785
27	Customer Deposits(235)		
28	Taxes Accrued(236)		
29	Interest Accrued(237)		
30	Other Current and Accrued Liabilities(238)		
31	Total Current and Accrued Liabilities	64279	126798
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)	270832	270832
43			
44	ACCUMULATED DEFERRED INCOME TAXES		
45			
46	Accum. Def. Income Taxes-Accel. Amort.(281)		
47	Accum. Def. Income Taxes-Lib. Depr.(282)		
48	Accum. Def. Income Taxes-Other(283)		
49	Total Accum. Deferred Income Taxes		
50	TOTAL LIABILITIES AND OTHER CREDITS	186524	492090

SUMMARY OF UTILITY PLANT

Line No.	Acct No.	Item	Amount
UTILITY PLANT			
1		In Service:	
2	101	Plant in Service Classified(from pg. 5, line 40)	486809
3	102	Completed Construction Not Classified	
4	103	Utility Plant in Process of Reclassification	
5	106	Utility Plant Purchased or Sold	
6		Total-In Service	486809
7	104	Utility Plant Leased to Others	
8	105	Property Held for Future Use	
9	107	Construction Work in Progress	
10	108	Utility Plant Acquisition Adjustments	
11	109	Other Utility Plant Adjustments	
12		Total Utility Plant(to pg. 2, line 4)	486809
13		Less:	
14	110	Accumulated Provision for Depreciation and	
15		Amort. of Utility Plant(to pg. 2, line 6)	17450
16			
17		NET UTILITY PLANT(to pg. 2, line 7)	469359

ACCUM. PROV. FOR DEPRECIATION AND AMORTIZATION OF UTILITY PLANT

Line No.	Item	Amount
1	Balance Beginning of Year	12830
2	Accruals for Year:	
3	Depreciation	4620
4	Amortization	
5	Other Accounts(detail):	
6		
7		
8	Total Accruals for Year	4620
9	Credit Adjustments(describe):	
10		
11		
12	Total Credits for Year	
13		
14	Net Charges for Plant Retired:	
15	Book Cost of Plt. Ret.(same as pg. 5, line 40)	XXXXXX
16	Add: Cost of Removal	
17	Less: Salvage	
18	Net Charges for Plant Retired	
19	Debit Adjustments(describe):	
20		
21		
22	Total Debit Adjustments for Year	
23	Balance End of Year	17450

Report in col. (e) entries reclass. property from one acct. to another. Corrections of additions or retirements. Balance of year

Line No.	Account	Depr. Rate	Balance First of Yr	Additions	Retire-ments	Adj.-Inc. or Dec.	Balance End of Year
1	INTANGIBLE PLANT						
2	Organization(301)	---					
3	Franchise and Consents(302)	---					
4	Miscellaneous Intangible Plant(303)	---					
5	Total Intangible Plant						
6	LAND AND STRUCTURES						
7	Land and Land Rights(310)	---	10500				10500
8	Structures and Improvements(311)	---	8432				8432
9	Total Land and Structures		14932				14932
10	COLLECTION PLANT						
11	Collection Sewers-Force(352.1)						
12	Collection Sewers-Gravity(352.2)						
13	Other Collection Plant Facilities(353)						
14	Services to Customers(354)						
15	Flow Measuring Devices(355)						
16	Total Collection Plant						
17	PUMPING PLANT						
18	Receiving Wells and Pump Pits(362)						
19	Pumping Equipment-Electric(363A)						
20	Pumping Equipment-Diesel(363B)						
21	Pumping Equipment-Other(363C)						
22	Total Pumping Plant						
23	TREATMENT AND DISPOSAL PLANT						
24	Oxidation Lagoon(372)		12000				12000
25	Treatment and Disposal Equipment(373)		41400	290577			332777
26	Plant Sewers(374)						
27	Outfall Sewer Lines(375)						
28	Other Treat. & Dis. Plt. Equip.(376)		15000				15000
29	Total Treatment and Disposal Plant		176400	290577			467377
30	GENERAL PLANT						
31	Office Furniture and Equipment(391)						
32	Transportation Equipment(392)						
33	Stores Equipment(393A)						
34	Tools, Shop & Garage Equipment(393B)						
35	Laboratory Equipment(393C)						
36	Power Operated Equipment(393D)						
37	Communication Equipment(393E)						
38	Other Tangible Property(393F)						
39	Total General Plant		155832	290577			486809
40	TOTAL SEWER PLANT IN SERVICE						

CAPITAL STOCK

Description and Series of Stock (a)	No. of Shares Auth. (b)	Par Value Per Share of Par Value Stk. (c)	Stated Val. Per Share Of Nonpar Stock (d)	Outstanding Per Balance Sheet	
				Shares (e)	Amount (f)
Common	100	- 0 -	- 0 -		1000

LONG-TERM DEBT

Each Original Issue Amt., Description & Series of Obligation (a)	Date Of Issue (b)	Date Of Maturity (c)	Outstanding Per Balance Sheet (d)	Interest For The Year	
				Rate (e)	Amount (f)
VEGAN, MARTIN	10/1/98	11/1/2014	290977	8%	- 0 -
Total			290977		- 0 -

NOTES PAYABLE

(Include Notes Payable to Associated Companies Under This Heading)

Name of Payee (a)	Date Of Note (b)	Date Of Maturity (c)	Interest Rate (d)	Balance End Of Year (e)
NATIONAL CITY BANK		DEMAND		30000
Total				30000

INTEREST ACCRUED

Description Of Obligation (a)	Int. Accr. Balance First Of Yr. (b)	Int. Accr. During Year (c)	Int. Paid During Year (d)	Int. Accr. Balance End Of Year
NATIONAL CITY BANK	- 0 -	1418	1418	- 0 -
Total	- 0 -	1418	1418	- 0 -

OTHER CURRENT AND ACCRUED LIABILITIES

Line No.	Sub-Account and Description	Amount
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21	Total (Must agree with page 3, line 30, Acct. No. 238)	

STATEMENT OF RETAINED EARNINGS FOR THE YEAR

Item (a)	This Year (b)	Last Year (c)
UNAPPROPRIATED RETAINED EARNINGS(216)		
Balance Beginning of Year	<149587>	<121584>
Balance Transferred From Income(435)	<47930>	<28023>
Appropriations of Retained Earnings(436):		
Dividends Declared-Preferred Stock(437)		
Dividends Declared-Common Stock(438)		
Adjustments to Retained Earnings(439):		
Balance End of Year	<197577>	<149587>

STATEMENT OF INCOME FOR THE YEAR

Line No.	Account (a)	Number Of Customers (b)	Amount (c)
1	OPERATING REVENUES		
2	Flat Rate Revenues-General Customers:		
3	Residential Revenues(521.1)	144	39593
4	Commercial Revenues(521.2)		
5	Industrial Revenues(521.3)		
6	Revenues From Public Authorities(521.4)		
7	Total(521)	144	39593
8	Measured Revenues-General Customers:		
9	Residential Revenues(522.1)		
10	Commercial Revenues(522.2)		
11	Industrial Revenues(522.3)		
12	Revenues From Public Authorities(522.4)		
13	Total(522)		
14	Revenues From Public Authorities(523)		
15	Revenues From Other Systems(524)		
16	Miscellaneous Sewage Revenues(526)		
17	Total Sewage Service Revenues(521-526)	144	39593
18	OTHER OPERATING REVENUES		
19	Customers Forfeited Discounts(532)		
20	Miscellaneous Operating Revenues(536)		
21	Total Other Operating Revenues		
22	Total Operating Revenues		39593
23	OPERATING EXPENSES		
24	Total Sewer Operation & Maint. Exp.(from pg.9, line52)		81224
25	Depreciation Expense(403)		4620
26	Amortization Expense(404-407/from pg.10)		150
27	Taxes Other Than Income Taxes(408.1/from pg.10)		115
28	Total Income Taxes-Utility Operating Income(from pg.10)		
29	Total Sewage Operating Expenses		86109
30	Net Operating Income		46516
31	OTHER INCOME		
32	Income From Nonutility Operations(417)		
33	Interest and Dividend Income(419)		4
34	Miscellaneous Nonoperating Income(421)		
35	Other Accounts(Specify Account No. and Title):		
36			
37			
38	Total Other Income		4
39	OTHER DEDUCTIONS		
40	Interest on Long Term Debt(427)		
41	Amortization of Debt Discount and Expense(428)		
42	Interest on Debt to Associated Companies(430)		
43	Other Interest Expense(431)		1418
44	Taxes Other Than Income Taxes(408.2/from pg.10)		
45	Total Income Taxes-Nonutil. Operat. Income(from pg.10)		
46	Other Accounts(Specify Account No. and Title):		
47			
48			
49	Total Other Deductions		1418
50	NET INCOME		47930

SEWER OPERATION AND MAINTENANCE EXPENSES

Line No.	Account (a)	Amount (b)
1	OPERATION EXPENSES	
2	Supervision and Engineering(700):	
3	Owner/Manager-Management Fee(700-A)	3600
4	Other Expenses(700-B)	
5	Labor and Expenses(701):	
6	Collection System-Labor, Mat'ls. & Expenses(701-A)	
7	Pumping System-Labor, Mat'ls. & Expenses(701-B)	
8	Treatment System(701-C):	
9	Sludge Hauling	5087
10	Utility Service-Water Cost	4784
11	Other-Labor, Mat'ls. and Expenses	8800
12	Rents(702)	
13	Fuel and Power Purchased for Pumping & Treatment(703)	5357
14	Chemicals(704)	4228
15	Miscellaneous Supplies and Expenses(705):	
16	Collection System(705-A)	
17	Pumping System(705-B)	
18	Treatment and Disposal(705-C)	
19	Total Operation Expenses	32457
20	MAINTENANCE EXPENSES	
21	Supervision and Engineering(710):	
22	Routine Maintenance Service Fee(710-A)	7750
23	Internal Supervision and Engineering(710-B)	
24	Maintenance of Structures and Improvements(711)	
25	Maintenance of Collection Sewer System(712)	
26	Maintenance of Pumping System(713)	
27	Maintenance of Treatment and Disposal Plant(714)	14527
28	Maintenance of Other Plant Facilities(715)	4428
29	Total Maintenance Expenses	26705
30	CUSTOMER ACCOUNTS EXPENSES	
31	Supervision(901)	
32	Meter Reading Expenses and Flat Rate Inspections(902)	
33	Customer Records and Collection Expenses(903):	
34	Agency Collection Fee(903-A)	858
35	Internal Labor, Materials and Expenses(903-B)	
36	Uncollectible Accounts(904)	
37	Miscellaneous Customer Accounts Expenses(905)	
38	Total Customer Accounts Expenses	858
39	ADMINISTRATIVE AND GENERAL EXPENSES	
40	Administrative and General Salaries(920)	
41	Office Supplies and Other Expenses(921)	
43	Outside Services Employed(923)	14015
44	Insurance Expense(924)	1757
45	Employee Pensions and Benefits(926)	
46	Regulatory Commission Expense(928)	12
47	Transportation Expenses(929)	2300
48	Miscellaneous General Expenses(930)	1926
49	Rents(931)	1200
50	Maintenance of General Plant(932)	
51	Total Administrative and General Expenses	21204
52	TOTAL SEWER OPERATION & MAINT. EXP.(to pg. 8, line 24)	81224

TAXES OTHER THAN INCOME TAXES(408)

Show hereunder the various tax items which make up the amounts listed under Account Numbers 408.1 and 408.2 appearing on page 8, lines 27 and 44.

line No.	Item (a)	Amount (b)
1	Payroll Taxes	
2	Property Taxes	
3	Utility Regulatory Commission Assessment	
4	Other(Specify): PSC TAX 1997-1998	50
5	PSC TAX 1998-1999	152
6	CORPORATION ANNUAL REPORT	15
7		
8		
9		
10		
11		
12	TOTAL(Same as page 8, line 27 plus 44)	115

OPERATING AND NON-OPERATING INCOME TAXES

Acct. No.	Account (a)	Amount (b)
09.1	Income Taxes-Federal	
09.1	Income Taxes-State	
09.1	Income Taxes-Other	
10.1	Provisions for Deferred Income Taxes	
11.1	Income Taxes Deferred in Prior Years-Credit	
12.0	Investment Tax Credits-Net	
	Total Income Taxes-Util. Operat. Income(to pg 8, line 28)	
09.2	Income Taxes-Federal	
09.2	Income Taxes-State	
09.2	Income Taxes-Other	
10.2	Provisions for Deferred Income Taxes	
11.2	Income Taxes Deferred in Prior Years-Credit	
12.4	Investment Tax Credits-Net	
	Total Inc. Taxes-Nonutil. Op. Income(to pg. 8, line 45)	

AMORTIZATION EXPENSE

Acct. No.	Account (a)	Amount (b)
04	Amortization of Limited-Term Utility Plant	
05	Amortization of Other Utility Plant	
06	Amortization of Utility Plant Acquisition Adjustments	
07	Amortization of Property Losses	
-	Amortization of Rate Case Expense	157
	Total Amortization Expense(to pg. 8, line 26)	157

SEWER PLANT STATISTICS

PLANT VALUATION

1. What method of valuation was used with reference to Sewer Utility Plant in Service appearing on page two, line four: Original Cost, Estimated Cost, Original Cost Study? ESTIMATED
2. What percentage of Sewer Utility Plant in Service was recovered, by the developer of the subdivision, through the sale of lots? N/A %
3. If less than one-hundred percent of the utility plant was recovered, please designate what portion (collection lines, treatment plant, ect.) of the plant that represents non-contributed plant N/A
4. By whom were the books of account audited? N/A
 What was the date of the last audit? N/A
 If unaudited in the past twelve months, when and by whom is the next audit anticipated? N/A

PHYSICAL DATA OF SEWER PLANT

1. Date of construction of original plant 1979
2. Type of treatment process EXTENDED AERATION
3. Date and additional G.P.D. Capacity of subsequent additions to plant
10/1/98 100,000 GPD
4. Population for which plant is designed including population equivalent of industrial waste load 350

TREATMENT PLANT OPERATING STATISTICS

1. Total gallons received during the year INFORMATION NOT AVAILABLE
2. Total gallons received on maximum day INFORMATION NOT AVAILABLE
3. Maximum G.P.D. Capacity of the sewage treatment plant 140,000
4. Routine maintenance service fee:
 Cost per month \$ 750
 Contract expires OPEN CONTRACT
5. Sludge hauling:
 Cost per load \$ 429
 Average number of gallons per load 4500
 Number of loads this year 12

SEWER PLANT STATISTICS

CUSTOMER STATISTICS-END OF YEAR

Type	Number of Customers	Bi-Monthly Or Monthly Billing?	Number of Bills Pertaining to Each Type of Customer
Residential:			
Single Family	144	BI-MONTHLY	144
Apartments/Condominiums			
Commercial			
Industrial			
Other (Specify):			
Total	144		144

INDUSTRIAL CUSTOMERS SERVED

Name And Type Of Industry	Metered Or Estimated Gals.	Pretreatment Of Wastes

PUMPING STATIONS

Location	Size Of Motor	Type Of Motor	Capacity Gals. Per Day

MAINS (FEET)

Kind Of Pipe (Cast Iron, Vit. Clay, concrete)	Diameter Of Pipe	No. Of Feet 1st of Year	Additions	Removed or Abandoned	No. Of Feet End Of Year
PVC	8"	5900			5900

SERVICE LATERALS AND STUBS

Number of service laterals owned by the utility, end of year 144
 Number of stubs as of end of year NONE
 Number of service laterals owned by others NONE

OATH

State of KENTUCKY)
County of _____) ss:

Before me, the undersigned officer duly authorized to administer oaths, there personally appeared _____, (Name of affiant)

who, being first sworn by me, says on oath that he has charge of the records of COVERED BRIDGE UTILITIES INC. (Exact legal name of company)

and that the foregoing report is true to the best of his knowledge and belief, and that it covers the period from January 1, 19 98, to December 31, 19 98.

(Signature of affiant)

Subscribed and sworn to before me this _____ day of _____, 19 _____.

Notary Public, County of _____

My Commission Expires _____, 19 _____.

(SEAL)

FROM : LOGSDON & CO., PC

FAX NO. :

Jan. 24 2000 01:01PM P2

COVERED BRIDGE UTILITIES, INC.
STATEMENT OF INCOME
FOR THE ONE MONTH AND TWELVE MONTHS ENDED DECEMBER 31, 1999

	Y E A R T O	D A T E
	A M O U N T	P E R C E N T
REVENUE		
RESIDENTIAL REVENUES	\$ 116,056.17	100.0
	<u>116,056.17</u>	<u>100.0</u>
TOTAL REVENUE		
COST OF GOODS SOLD	116,056.17	100.0
GROSS PROFIT		
OPERATING EXPENSES		
MANAGEMENT FEE	3,600.00	3.1
SLUDGE HAULING	15,629.04	13.5
WATER UTILITIES	6,590.20	5.7
LABOR EXPENSE-TESTING	8,569.00	7.4
ELECTRIC POWER	13,341.01	11.5
CHEMICALS	5,029.52	4.3
ROUTINE MAINTENANCE FEE	9,000.00	7.8
TREATMENT SYSTEM MAINT	43,755.00	37.7
OTHER PLANT MAINTENANCE	1,681.20	1.4
COLLECTION EXPENSE	1,420.21	1.2
OFFICE SUPPLIES	227.72	0.2
SERVICE CHARGES	1,319.70	1.1
BOOKKEEPING FEES	4,200.00	3.6
ACCOUNTING FEES	2,615.00	2.3
LEGAL FEES	11,194.51	9.6
INSURANCE	2,169.91	1.9
REGULATORY COMM EXP	328.28	0.3
TRANSPORTATION EXPENSE	2,300.00	2.0
MISCELLANEOUS EXPENSE	1,000.00	0.9
RENTS	1,400.00	1.2
DEPRECIATION	29,910.00	25.8
AMORTIZATION-RATE CASE	300.00	0.3
TAXES	1,557.49	1.3
OTHER INTEREST	2,526.87	2.2
	<u>169,664.66</u>	<u>146.2</u>
TOTAL OPERATING EXPENSES		
INCOME FROM OPERATIONS	(53,608.49)	(46.2)
NET INCOME	\$ (53,608.49)	(46.2)

SEE ACCOUNTANTS' COMPILATION REPORT