

CASE

NUMBER:

99-512

Muhlenberg County Water District

General Rates

Regular

IN THE MATTER OF THE APPLICATION OF MUHLENBERG COUNTY WATER DISTRICT FOR A GENERAL RATE ADJUSTMENT
PURSUANT TO THE PROVISIONS OF KRS 278.030 AND 807 KAR 5:001

SEQ NBR	Date	Remarks
1	12/30/99	Notice of Intent to file Rate application.
2	01/05/00	Notice of Intent Acknowledgement letter.
3	(M) 02/08/00	MOTION TO INTERVENE (AG DAVID SPENARD)
4	05/04/00	Application.
5	05/05/00	Acknowledgement letter.
6	05/10/00	Order granting full intervention to Attorney General.
7	05/19/00	No def. letter
8	(M) 05/24/00	MOTION FOR DEVIATION (DAMON TALLEY MUHLENBURG CO WD)
9	06/22/00	Order granting deviation; establishes proc. schedule; schedules 10/31 hearing
10	06/30/00	Data request; response due 7/14
11	(M) 07/17/00	MOTION FOR EXTENSION OF TIME (DAMON TALLEY MUHLENBERG CO WATER DIS)
12	08/04/00	Order revising procedural schedule
13	(M) 08/04/00	RESPONSE TO COMMISSION'S ORDER ON JUNE 30, 2000 (DAMON TALLEY/MUHLENBURG CO. WD)
14	08/18/00	PSC Staff's 2nd Set of Interrogatories and Requests for Production of Documents
15	(M) 08/22/00	NOTICE REGARDING DISCOVERY & NOTICE OF OBJECTION (DAVID EDWARD SPENARD ASST. AG)
16	(M) 08/31/00	RESPONSE TO ITEM 1 OF COMMISSION'S JUNE 30, 2000 ORDER (DAMON TALLEY/MUHLENBERG CO. WD)
17	(M) 08/31/00	RESPONSE TO SECOND SET OF COMMISSION'S INTERROGATORIES (DAMON TALLEY/MUHLENBERG CO. WD)
18	09/15/00	Staff Report
19	(M) 09/29/00	COMMENTS TO STAFF REPORT PREPARED BY COMMISSION (DAMON TALLEY/MUHLENBURG CO WD)
20	(M) 09/29/00	COMMENTS OF THE AG ON THE REPORT OF THE COMMISSION'S STAFF (DAVID EDWARD SPENARD AG)
21	(M) 10/09/00	RESPONSE OF COMM STAFF TO COMMENTS OF MUHLENBERG CO WD & AG & NOTICE (PSC)
22	(M) 10/18/00	WAIVER OF HEARING AND MOTION FOR AN INTERIM ORDER. (DAMON TALLEY/MUHLENBERG COUNTY WD)
23	(M) 10/20/00	RESPONSE TO WAIVER OF HEARING/RESPONSE MOTION FOR INTERIM ORDER (DAVID SPENARD/AG)
24	10/31/00	Order granting motion for Interim Order; Denies motion to suspend Proc. Schedule
25	(M) 11/21/00	FINAL TARIFF (DAMON TALLEY MUHLENBURG CO WD)
26	11/30/00	Order scheduling 12/20/00 hearing; grants Motion for Continuance; info due 12/15
27	(M) 11/30/00	TRANSCRIPT FILED FOR HEARING ON NOV 21,00 (VIVIAN LEWIS COURT REPORTER)
28	(M) 12/15/00	NOTIFICATION OF WITHDRAWAL OF REQUEST TO IMPLEMENT RATE INDEXING (DAMON TALLEY MUHLENBERG CO WD)
29	(M) 12/18/00	RESPONSE TO APPLICANT'S NOTICE OF WITHDRAWAL & MOTION FOR FINAL ORDER (DAVID SPENARD/AG)
30	12/21/00	Final Order granting motions to withdraw its request to implement rate.



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. 1999-512
MUHLENBERG COUNTY WATER DISTRICT

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 December 21, 2000.

Parties of Record:

Tommy Woodruff
Manager
Muhlenberg County Water District
P. O. Box 348
Greenville, KY. 42345

Honorable Damon R. Talley
Attorney for Muhlenberg County Water
112 North Lincoln Boulevard
P. O. Box 150
Hodgenville, KY. 42748

Honorable David Edward Spenard
Assistant Attorney General
Public Service Litigation Branch
1024 Capital Center Drive
Box 2000
Frankfort, KY. 40601 2000

Stephanie J. Bell

Secretary of the Commission

SB/sh
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF MUHLENBERG COUNTY)
WATER DISTRICT FOR A GENERAL RATE) CASE NO. 99-512
ADJUSTMENT PURSUANT TO THE PROVISIONS OF)
KRS 278.030 AND 807 KAR 5:001)

O R D E R

Muhlenberg County Water District ("Muhlenberg District") has moved for leave to withdraw its request to implement a rate indexing mechanism,¹ for cancellation of the scheduled hearing in this matter, and for the issuance of a final order. Having considered the motion and the Attorney General's response thereto, the Commission finds that the motions should be granted.

IT IS THEREFORE ORDERED that:

1. Muhlenberg District's motions are granted.
2. Muhlenberg District is granted leave to withdraw its request to implement a rate indexing mechanism and to amend its application to reflect deletion of that request.
3. The scheduled hearing in this matter is cancelled.

¹ Muhlenberg District served notice of its withdrawal of its request to implement a rate indexing mechanism. Since this request is part of Muhlenberg District's application for rate adjustment and any amendment of such application requires Commission approval, the Commission considers Muhlenberg District's notice as a motion for leave to withdraw its request and amend its application to delete its rate indexing mechanism.

4. The findings and conclusions set forth in the Commission's Order of October 31, 2000 are adopted and incorporated by reference into this Order as if individually set forth herein.

5. Muhlenberg District's proposed rates are denied.

6. Muhlenberg District shall charge the rates set forth in Appendix A for water service rendered on and after the date of this Order.

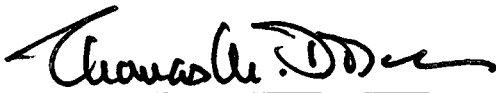
7. This Order is a final and appealable Order.

8. This case is closed and shall be removed from the Commission's docket.

Done at Frankfort, Kentucky, this 21st day of December, 2000.

By the Commission

ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 99-512 DATED December 21, 2000.

The following rates and charges are prescribed for the customers in the area served by Muhlenberg County Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Water Rates

<u>5 / 8" x 3 / 4" Meter</u>	
First 2,000 gallons	\$15.02 Minimum Bill
Next 8,000 gallons	4.86 per 1,000 gallons
Next 10,000 gallons	4.40 per 1,000 gallons
Next 30,000 gallons	3.95 per 1,000 gallons
Over 50,000 gallons	3.49 per 1,000 gallons
<u>1" Meter</u>	
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Next 24,000 gallons	3.95 per 1,000 gallons
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<u>4" Meter</u>	
First 36,000 gallons	\$161.10 Minimum Bill
Next 24,000 gallons	3.95 per 1,000 gallons
Over 50,000 gallons	3.49 per 1,000 gallons
Wholesale Rate	\$2.71 per 1,000 gallons

Commonwealth of Kentucky
Before the Public Service Commission

DEC 18 2000
RECEIVED
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COMMISSION

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COMMISSION

In the Matter of:)
THE APPLICATION OF MUHLENBERG COUNTY) PSC Case No. 1999-512
WATER DISTRICT FOR A GENERAL RATE)
ADJUSTMENT PURSUANT TO THE PROVISIONS)
OF KRS 278.030 AND 807 KAR 5:001)

RESPONSE OF THE ATTORNEY GENERAL
TO APPLICANT'S NOTICE OF WITHDRAWAL
AND MOTION FOR FINAL ORDER

Comes now the Attorney General, by and through his Office of Rate Intervention, and gives his Response to the Applicant's Notice of Withdrawal and Motion for a Final Order.

The Attorney General has no objection to the Applicant's withdrawal of its rate indexing proposal.

In light of Applicant's withdrawal of its rate indexing proposal, there is no need for the evidentiary hearing scheduled for 20 December 2000. Hence, the Attorney General joins with applicant's request that the Commission cancel the hearing.

There are no other matters pending, and the Attorney General has no objection to the Applicant's request for a final order in this proceeding.

WHEREFORE, the Attorney General submits his Response to the Applicant's Notice of Withdrawal and Motion for a Final Order.

Respectfully submitted,

A. B. CHANDLER III
ATTORNEY GENERAL

David Edward Spenard
David Edward Spenard
Assistant Attorney General
1024 Capital Center Drive
Frankfort, KY 40601-8204
502.696.5457

Certificate of Service and Filing

Counsel certifies that an original and ten photocopies of the Response of the Attorney General to Applicant's Notice of Withdrawal and Motion for Final Order were served and filed by hand delivery to Thomas M. Dorman, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601; furthermore, it was served by mailing a true and correct copy of the same, first class postage prepaid, to Tommy Woodruff, Muhlenberg County Water District, P.O. Box 348, Greenville, Kentucky 42345 and Damon R. Talley, P.O. Box 150, Hodgenville, Kentucky 42748 all on this 18th day of December, 2000.

David Edward Spenard

Assistant Attorney General

DAMON R. TALLEY, P.S.C.

112 N. LINCOLN BLVD.
P.O. BOX 150
HODGENVILLE, KENTUCKY 42748

TEL. (270) 358-3187
FAX (270) 358-9560

DAMON R. TALLEY

ATTORNEY AT LAW

December 13, 2000

Mr. Thomas M. Dorman
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

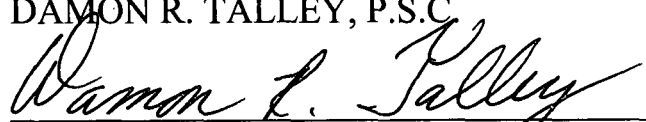
RE: Muhlenberg County Water District
Case No. 1999-512
(Rates -General)

RECEIVED
DEC 15 2000
PUBLIC SERVICE
COMMISSION

Dear Mr. Dorman:

Enclosed for filing are the original and eight (8) copies of the Muhlenberg County Water District's Notice of Withdrawal of its Request to Implement Rate Indexing.

Yours truly,
DAMON R. TALLEY, P.S.C.



DAMON R. TALLEY, ATTORNEY FOR
MUHLENBERG COUNTY WATER
DISTRICT

DRT:ln

Enclosures

cc: David Edward Spenard, Assistant Attorney General
Muhlenberg County Water District

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

RECEIVED
DEC 15 2000
PUBLIC SERVICE
COMMISSION

THE APPLICATION OF MUHLENBERG COUNTY)
WATER DISTRICT FOR A GENERAL RATE) CASE NO. 1999-512
ADJUSTMENT PURSUANT TO THE PROVISIONS) HISTORIC TEST
OF KRS 278.030 AND 807 KAR 5:001.) YEAR UTILIZED

*** ** *** ** *** ** *** ** ***

NOTICE OF WITHDRAWAL OF REQUEST
TO IMPLEMENT RATE INDEXING
AND
MOTION FOR FINAL ORDER

The Applicant, MUHLENBERG COUNTY WATER DISTRICT (the "DISTRICT"), by Counsel, hereby (1) serves notice that it is withdrawing its request to implement a rate indexing mechanism; (2) moves the Commission to issue a Final Order in this case; and (3) moves the Commission to cancel the formal Hearing scheduled for December 20, 2000. For cause, the DISTRICT states as follows:

1. The DISTRICT hereby withdraws its request to implement a rate indexing mechanism and withdraws all portions of its application relating to rate indexing.

2. The DISTRICT plans to undertake a major construction project within the next two (2) years. The proposed construction project will probably be funded by long-term financing. This financing will probably require a general rate increase. Consequently, it is unlikely that rate indexing, if approved by the Commission and upheld by the courts, would benefit the DISTRICT.

3. The Attorney General (the "AG") has given fair warning throughout this case that it objects to and will oppose any rate indexing mechanism that the Commission might authorize. The DISTRICT, in light of the AG's firm legal position, does not wish to incur the additional legal expenses that would be required to litigate the Commission's authority to approve a rate indexing mechanism.

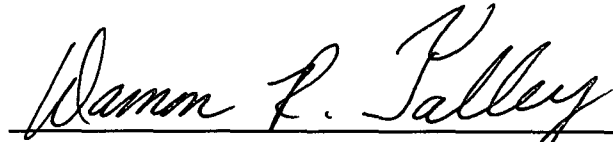
4. The sole purpose of the formal Hearing scheduled for December 20, 2000 is the direct and cross-examination of witnesses on the proposed establishment of a rate indexing mechanism. Since the DISTRICT has now withdrawn its request to implement a rate indexing mechanism, the hearing should be **cancelled**.

5. There are no other pending issues in this case. Therefore, the Commission should issue a Final Order in this case.

This 13th day of December, 2000.

Respectfully submitted,

DAMON R. TALLEY, P.S.C.



**DAMON R. TALLEY, ATTORNEY FOR
MUHLENBERG COUNTY WATER
DISTRICT**

112 NORTH LINCOLN BLVD.

P. O. BOX 150

HODGENVILLE KY 42748

(270) 358-3187

FAX (270) 358-9560



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

November 30, 2000

Tommy Woodruff
Manager
Muhlenberg County Water District
P. O. Box 348
Greenville, KY. 42345

Honorable Damon R. Talley
Attorney for Muhlenberg County Water
112 North Lincoln Boulevard
P. O. Box 150
Hodgenville, KY. 42748

Honorable David Edward Spenard
Assistant Attorney General
Office of Rate Intervention
1024 Capital Center Drive
Frankfort, KY. 40601 8204

RE: Case No. 1999-512

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

Sincerely,

Stephanie Bell
Secretary of the Commission

SB/sa
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF MUHLENBERG COUNTY)
WATER DISTRICT FOR A GENERAL RATE) CASE NO. 99-512
ADJUSTMENT PURSUANT TO THE PROVISIONS OF)
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O R D E R

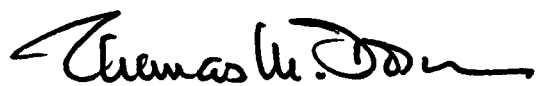
Muhlenberg County Water District ("Muhlenberg District") having moved to continue the hearing in this matter and the Commission finding that good cause exists to grant the motion, the Commission HEREBY ORDERS that:

1. Muhlenberg District's Motion for Continuance is granted.
2. A formal hearing in this matter shall be held on December 20, 2000 at 9:30 a.m., Eastern Standard Time, in Hearing Room 2 of the Commission's offices at 211 Sower Boulevard, Frankfort, Kentucky, for the purpose of direct and cross-examination of witnesses on the proposed establishment of a rate indexing mechanism.
3. No later than December 15, 2000, Commission Staff shall deliver to the parties the proposed tariff sheets that reflect its recommendations regarding the proposed rate indexing mechanism.
4. Muhlenberg District shall publish notice of the proposed hearing in accordance with Administrative Regulation 807 KAR 5:011, Section 8(5), and shall provide proof of publication of notice at the scheduled hearing.
5. All provisions of the Commission's Orders of June 30, 2000 and August 4, 2000 not amended by this Order remain in effect.

Done at Frankfort, Kentucky, this 30th day of November, 2000.

By the Commission

ATTEST:

A handwritten signature in black ink, appearing to read "Thomas W. Don". The signature is written in a cursive style with a long horizontal stroke at the end.

Executive Director



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

October 31, 2000

Tommy Woodruff
Manager
Muhlenberg County Water District
P. O. Box 348
Greenville, KY. 42345

Honorable Damon R. Talley
Attorney for Muhlenberg County Water
112 North Lincoln Boulevard
P. O. Box 150
Hodgenville, KY. 42748

Honorable David Edward Spenard
Assistant Attorney General
Office of Rate Intervention
1024 Capital Center Drive
Frankfort, KY. 40601 8204

RE: Case No. 1999-512

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

Sincerely,

Stephanie J. Bell
Stephanie Bell
Secretary of the Commission

SB/sa
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF MUHLENBERG COUNTY)
WATER DISTRICT FOR A GENERAL RATE) CASE NO. 99-512
ADJUSTMENT PURSUANT TO THE PROVISIONS OF)
KRS 278.030 AND 807 KAR 5:001)

ORDER

Muhlenberg County Water District ("Muhlenberg District") has moved that the Commission Staff-recommended rates be made effective immediately pending the issuance of a final Order in this proceeding and that the procedural schedule set forth in the Commission Orders of June 22, 2000 and August 4, 2000 be suspended. The Attorney General ("AG") has responded to this motion.

Having considered the motion and the Attorney General's response and being otherwise sufficiently advised, the Commission finds that:

1. During the test period, Muhlenberg District experienced a net operating loss of \$224,135.
2. Muhlenberg District is experiencing monthly operating losses while its application for rate adjustment is pending before the Commission.
3. Commission Staff has recommended that, based upon its review of Muhlenberg District's operations, Muhlenberg District be authorized rates that would generate increased annual revenues of \$309,039 over normalized test-year revenues from water sales. These recommended rates are set forth in Appendix A to this Order.

4. Muhlenberg District's operations will be materially impaired if the recommended rates are not effective immediately.

5. Muhlenberg District and the AG have not objected to Commission Staff's recommended rates and have waived their rights to any evidentiary hearing on the recommended rates.

6. The AG has objected to Muhlenberg District's proposed rate indexing mechanism and to Commission Staff's recommendation that such mechanism be established. He has expressly reserved his right to an evidentiary hearing on this issue.

7. Given the agreement of the parties and Commission Staff on Muhlenberg District's proposed rate adjustment, no evidentiary hearing is required on that matter.

8. Given the disagreement of the parties on the establishment of a rate indexing mechanism, an evidentiary hearing should be held on this matter and the parties should be permitted to submit written briefs on the issues of law that Muhlenberg District's rate indexing proposal presents.

9. The procedural schedule in this matter should not be suspended, but should be amended to permit the parties to present written briefs.

IT IS THEREFORE ORDERED that:

1. Muhlenberg District's Motion for an Interim Order is granted.

2. Muhlenberg District's Motion to Suspend the Procedural Schedule is denied.

3. Muhlenberg District, pending the entry of a final Order in this proceeding, shall charge the rates set forth in Appendix A for water service rendered on and after the date of this Order.

4. The Commission's Orders of June 30, 2000 and August 4, 2000 are amended as follows:

a. A formal hearing in this matter shall be held on November 21, 2000 at 9:30 a.m., Eastern Standard Time, in Hearing Room 2 of the Commission's offices at 211 Sower Boulevard, Frankfort, Kentucky, for the purpose of direct and cross-examination of witnesses on the proposed establishment of a rate indexing mechanism.

b. No later than January 5, 2001, the parties shall file with the Commission written briefs addressing all factual and legal issues concerning Muhlenberg District's proposal to establish a rate indexing mechanism.

5. All provisions of the Commission's Orders of June 30, 2000 and August 4, 2000 not amended by this Order remain in effect.

6. Within 20 days of the date of this Order, Muhlenberg District shall file revised tariff sheets that reflect the rates set forth in Appendix A.

Done at Frankfort, Kentucky, this 31st day of October, 2000.

By the Commission

ATTEST:



Executive Director

Deputy

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 99-512 DATED OCTOBER 31, 2000

The following rates and charges are prescribed for the customers in the area served by Muhlenberg County Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Water Rates

<u>5 / 8" x 3 / 4" Meter</u>		
First	2,000 gallons	\$15.02 Minimum Bill
Next	8,000 gallons	4.86 per 1,000 gallons
Next	10,000 gallons	4.40 per 1,000 gallons
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Wholesale Rate		\$2.71 per 1,000 gallons

Commonwealth of Kentucky
Before the Public Service Commission

RECEIVED

OCT 20 2000

PUBLIC SERVICE
COMMISSION

In the Matter of:)
THE APPLICATION OF MUHLENBERG COUNTY) PSC Case No. 1999-512
WATER DISTRICT FOR A GENERAL RATE)
ADJUSTMENT PURSUANT TO THE PROVISIONS)
OF KRS 278.030 AND 807 KAR 5:001)

RESPONSE TO WAIVER OF HEARING

And

RESPONSE TO MOTION FOR INTERIM ORDER

With

NOTICE OF OBJECTION

Comes now the Attorney General and provides his response to the applicant's Waiver of Hearing and Motion for Interim Order.

Response to Motion for Interim Order

The Application contains a request for an indexing provision, and the Staff Report, as amended, recommends the adoption of an indexing provision. The Attorney General objects to the indexing proposal and the corresponding recommendation by Commission Staff. To the extent that the District seeks an interim order from the Commission regarding the base rate aspects of the application, the Attorney General does not object. It should be clear, however, that this lack of objection extends only to the base rate provisions. Hence, any interim order should expressly reflect the scope of the order.

Response to Waiver of Hearing

The Applicant wishes to waive its right to a hearing. The Attorney General has no objection to the Applicant's waiver. The Attorney General does not waive any of his rights to present evidence and arguments concerning indexing. To the extent that the Applicant wishes to draw the base rate (or non-indexing) portions of the application to a conclusion without an evidentiary hearing, the Attorney General has no objection and states affirmatively that he does not request a hearing on the non-indexing portions of the application.

Notice of Objection

Per the Response of Commission Staff to Comments of Muhlenberg County Water District and the Attorney General and Notice of Filing of Revisions to the Commission Staff Report (9 October 2000), the Commission Staff makes no response to the Attorney General's comments concerning the Public Service Commission's authority to establish a rate indexing mechanism. It is the understanding of this office that the Commission has yet to rule on the issue of whether it has authority to permit the implementation of an indexing mechanism. The Attorney General again submits a notice of objection to the applicant's request to obtain a rate indexing mechanism. The matter is outside the scope of the Commission's jurisdiction. This issue is an issue of law.

Further, it is the understanding of this office that the Commission Staff, operating under the assumption that indexing is a valid exercise of the Commission's powers, views indexing as a mechanism that it will utilize with other utilities. Thus, it

appears that the Commission may be moving toward the adoption of indexing as a policy. The other utilities that will fall under the scope of the Commission's potential new policy are not a party to this proceeding.

This is not the first time that there have been discussions concerning indexing. The Staff Report for Public Service Commission Case No. 98-182 (Webster County Water District), contains a recommendation, in the alternative, that the Commission establish a rider to the approved rate requiring an annual adjustment to reflect inflation as measured by Gross Domestic Product Implicit Price Deflator (PSC Case No. 98-182, Staff Report, 5 March 1999, page 8, Attachment F).¹

Consistent with our position in Case No. 98-182 (and consistent with our position during previous discussions concerning legislation for water utilities), an indexing adjustment may be appropriate to serve the needs of water utilities and water associations. It may be a rate-making device that could provide these utilities with an opportunity to improve their financial condition. Nonetheless, indexing represents a departure from the traditional regulatory scheme, and there is no statutory authority to implement such a plan in Kentucky. Our objection on this point is already in the record in this case. The lack of jurisdiction standing alone is a wholly adequate ground for our objection, and it disposes of all subsidiary issues relating to indexing.

Nonetheless, there is an additional problem with indexing. The Commission appears to be heading toward implementation of an indexing policy. Even under the

¹ Counsel for Muhlenberg County Water District was counsel for the Webster County Water District in PSC Case No. 98-182.

assumption that the Commission has authority to act, the Commission has yet to promulgate any regulations.² Thus, even if it has the power, the exercise of power must comport with the administrative regulation provisions of KRS Chapter 13A. See *Commonwealth of Kentucky, ex rel. Frederick J. Cowan et al. v. Kentucky Public Service Commission et al.*, Franklin Circuit Court Civil Action No. 90-CI-798, Div. I, 125 PUR4th 104 (1991).

The Attorney General remains open to discussions concerning indexing and participation in discussions concerning the process to identify the appropriate statutory changes and administrative regulations to authorize and implement an indexing policy. Nonetheless, indexing is outside the scope of the Commission's power. Additionally, absent promulgation of regulations, the Commission is not in a position to implement indexing even under the assumption that it has such power.³

WHEREFORE, the Attorney General RESPONDS that he does not object to the Applicant's request for an interim order and RESPONDS that he does not object to the Applicant's waiver of hearing and further OBJECTS to the indexing provisions of the application as being outside of the scope of the Commission's powers and further OBJECTS to administrative action in absence of compliance with KRS Chapter 13A.

² The same objection was also made in Case No. 98-182 in an informal conference and in the *Brief of the Attorney General* in that case.

³ The Attorney General would object to the Commission taking action to commence promulgation of regulations under KRS Chapter 13A, in the absence of a demonstration that such action is lawful. See generally KRS 13A.120.

Respectfully submitted,

A. B. CHANDLER III
ATTORNEY GENERAL

David Edward Spenard

David Edward Spenard
Assistant Attorney General
1024 Capital Center Drive
Frankfort, KY 40601-8204
502.696.5457

Certificate of Service and Filing

Counsel certifies that an original and ten photocopies of this Response to Waiver of Hearing and Response to Motion for Interim Order with Notice of Objection were served and filed by hand delivery to Thomas M. Dorman, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601; furthermore, it was served by mailing a true and correct copy of the same, first class postage prepaid, to Tommy Woodruff, Muhlenberg County Water District, P.O. Box 348, Greenville, Kentucky 42345 and Damon R. Talley, P.O. Box 150, Hodgenville, Kentucky 42748 all on this 20th day of October, 2000.

David Edward Spenard
Assistant Attorney General

DAMON R. TALLEY, P.S.C.

112 N. LINCOLN BLVD.
P.O. BOX 150
HODGENVILLE, KENTUCKY 42748

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DAMON R. TALLEY

ATTORNEY AT LAW

October 16, 2000


Mr. Thomas M. Dorman
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

RE: Muhlenberg County Water District
Case No. 1999-512
(Rates -General)

Dear Mr. Dorman:

Enclosed for filing are the original and eight (8) copies of the Muhlenberg County Water District's Waiver of Hearing and Motion for an Interim Order.

Yours truly,
DAMON R. TALLEY, P.S.C.



DAMON R. TALLEY, ATTORNEY FOR
MUHLENBERG COUNTY WATER
DISTRICT

DRT:ln

Enclosures

cc: David Edward Spenard, Assistant Attorney General
Muhlenberg County Water District

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

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THE APPLICATION OF MUHLENBERG COUNTY)	
WATER DISTRICT FOR A GENERAL RATE)	CASE NO. 1999-512
ADJUSTMENT PURSUANT TO THE PROVISIONS)	HISTORIC TEST
OF KRS 278.030 AND 807 KAR 5:001.)	YEAR UTILIZED

*** ** *** ** *** ** *** ** ***

WAIVER OF HEARING
AND
MOTION FOR INTERIM ORDER

The Applicant, MUHLENBERG COUNTY WATER DISTRICT (the "DISTRICT"), by Counsel, hereby (1) serves notice that it is waiving its right to an evidentiary hearing in this matter; (2) moves the Commission to issue an Interim Order approving the rates recommended by the Commission's Staff (the "Staff") and set forth on Sheet 11 of the amended Cost of Service Study (Attachment E); and (3) moves the Commission to suspend the balance of the procedural schedule set forth in its June 22, 2000 and August 4, 2000 Orders. For cause, the DISTRICT states as follows:

1. The DISTRICT hereby waives its right to an evidentiary hearing in this matter. The Staff has made the requested modifications to its original Cost of Service Study and has amended the study to reflect those modifications.

2. The DISTRICT moves the Commission to issue an Interim Order approving the rates recommended by the Staff and set forth on Sheet 11 of the amended Cost of Service Study (Attachment E to the Staff Report). The DISTRICT needs to implement the new rates as quickly as possible. The Staff recommended rates will generate increased revenues of \$309,039 over normalized test-year revenues from water sales. This is more than \$25,750 per month in new revenues. The DISTRICT had a net operating loss of \$224,135 during the test year. The monthly operating losses are continuing during the pendency of this rate case. The DISTRICT needs to implement the Staff recommended rates to reverse the DISTRICT'S negative cash flow. Otherwise, the DISTRICT will be forced to commence borrowing money to pay its monthly operating expenses.

3. The DISTRICT agrees with the Attorney General's (the "AG's") position that any rate indexing mechanism should exclude purchased water expenses from indexing. It also agrees that the Commission should conduct an annual review of the DISTRICT'S revenues and expenses to make certain that the application of the rate indexing mechanism will not produce revenue in excess of the DISTRICT'S bond coverage requirements.


4. The DISTRICT reserves the right to place additional comments into the record concerning the details of the operation of the proposed rate indexing mechanism recommended by Staff in Attachment F to the Staff Report.

5. The DISTRICT is prepared to meet with Staff and the AG to discuss and develop the guidelines necessary to implement a rate indexing mechanism on a trial basis.

This 17th day of October, 2000.

Respectfully submitted,

DAMON R. TALLEY, P.S.C.



**DAMON R. TALLEY, ATTORNEY FOR
MUHLENBERG COUNTY WATER
DISTRICT**

112 NORTH LINCOLN BLVD.

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COMMONWEALTH OF KENTUCKY

OCT 9 2000

BEFORE THE PUBLIC SERVICE COMMISSION

PUBLIC SERVICE
COMMISSION

In the Matter of:

THE APPLICATION OF MUHLENBERG COUNTY)	
WATER DISTRICT FOR A GENERAL RATE)	CASE NO. 99-512
ADJUSTMENT PURSUANT TO THE PROVISIONS OF)	
KRS 278.030 AND 807 KAR 5:001)	

RESPONSE OF COMMISSION STAFF TO COMMENTS OF
MUHLENBERG COUNTY WATER DISTRICT AND THE ATTORNEY GENERAL
AND NOTICE OF FILING OF REVISIONS TO THE COMMISSION
STAFF REPORT

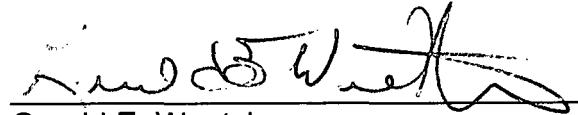
Commission Staff, by counsel, hereby responds to the comments of Muhlenberg County Water District ("Muhlenberg District") and the Attorney General ("AG") and hereby amends its Report to reflect its response.

Commission Staff agrees with Muhlenberg District's proposed modifications to the Commission Staff's Cost-of-Service Study and hereby amends that study to reflect those modifications. Revised Attachments D and E, which are attached hereto, replace and supercede those attached to the Report filed with the Commission on September 15, 2000.

While Commission Staff makes no response to the AG's comments upon the Commission's authority to establish a rate indexing mechanism, it agrees with the AG's position that any rate indexing mechanism should exclude purchased water expenses from indexing and that annual reviews be conducted prior to any application of the rate indexing mechanism to ensure the resulting rates will not exceed Muhlenberg District's authorized level of return. Commission Staff further recommends that the establishment of any rate indexing mechanism be solely on a limited basis not to exceed three years.

Commission Staff is prepared to meet with the parties to discuss in detail the operation of a rate indexing mechanism and to develop the rules necessary to implement a mechanism containing the limitations and safeguards that the AG has suggested.

Respectfully submitted,



Gerald E. Wuetcher
Stewart Douglas Hendrix
211 Sower Boulevard
Post Office Box 615
Frankfort, Kentucky 40602
502/564-3940

COUNSEL FOR COMMISSION STAFF

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Response-Notice was served by first class mail, postage prepaid, upon the following, this 9th day of October, 2000:

Damon R. Talley, Esq.
112 N. Lincoln Boulevard
Post Office Box 150
Hodgenville, Kentucky 42748

David Edward Spenard, Esq.
Assistant Attorney General
1024 Capital Center Drive
Frankfort, Kentucky 40601-8204



Gerald E. Wuetcher

ATTACHMENT D
STAFF REPORT CASE NO. 99-512
COST OF SERVICE DISCUSSION

In seeking to establish fair, just, and reasonable rates for a water utility, a sound analysis must be performed that reflects the actual cost of providing water service to each of the different customer classifications. That analysis must allocate the costs of providing water service among the customer classes commensurate with their service requirements so that the differences in costs of providing services to different types of customers is recognized. Therefore, to develop a proper rate schedule for Muhlenberg County, Commission Staff prepared a cost of service study based on the commodity demand methodology as set out in the American Water Works Association's ("AWWA") Manual M-1. This study recognizes that a utility must be prepared for meeting peak demand requirements as well as the average water use needs. In other words, a system must be sized to meet the demand of most small-usage customers that use very little water throughout the day, but place a tremendous burden on the system at peak times such as mornings and evenings. Most large-usage customers place a more consistent demand on the system by using a constant rate of water throughout the day and night. Therefore, those customers do not contribute to a system's strain to meet peak demands.

Wholesale Rate: The first step in preparing the cost of service study was to determine the wholesale rate that Muhlenberg County charges. Commission Staff determined the amount of water purchased and sold as shown on Sheet 1 of Attachment E. The district had plant use of 1.17% and a line loss of 22.46%. Next, the wholesale allocation factors are calculated. Those factors are used on Sheet 3 to allocate the district's operation and maintenance expenses between the wholesale customers and the retail customers. The allocation determined that \$130,554 of the

ATTACHMENT D
STAFF REPORT CASE NO. 99-512
COST OF SERVICE DISCUSSION

district's \$2,173,169 revenue required from rates should be collected from the wholesale rate. That \$130,544 is divided by wholesale sales of 48,150,000 gallons, which results in a wholesale rate of \$2.71.

Retail Rates: If total revenue required from rates is \$2,173,169 and \$130,544 of this amount is collected from wholesale sales, then the next step is to develop rates that will collect the remaining \$2,042,625 from the district's retail customers. The utility's expenses are analyzed and allocated according to three different classifications: Commodity, Demand, and Customer.

Commodity costs are those directly associated with the cost of water. The major expense in this classification is the amount paid to purchase water from the city of Central City. The only other commodity costs that the district experienced purchased power and chemicals.

Demand costs are those associated with providing the facilities to meet the peak demands placed on the system. Costs consist of the salaries and other expenses associated with monitoring and maintaining these facilities.

Customer costs are those incurred to serve customers without regard to varying usage. These costs include the salaries and expenses associated with meter reading, billing, collections, accounting expenses, and the capital related costs associated with service lines and meters.

Sheet 6 of Attachment E shows the allocation of expenses to the functional cost components. Administrative and general expenses are allocated to the cost components based on the subtotal of all other expenses, excluding commodity costs.

ATTACHMENT D
STAFF REPORT CASE NO. 99-512
COST OF SERVICE DISCUSSION

The allocation process results in \$574,676 in commodity costs, \$1,065,967 in demand costs, and \$401,973 in customer costs.

Sheet 7 of Attachment E shows the calculation of the district's retail water rates. Total commodity costs are allocated across the rate steps in accordance with usage percentages. Total demand costs are allocated across the rate steps in accordance with usage that has been adjusted to reflect the higher peak demands that are caused in the lower rate steps. Total customer costs are all collected in the first rate step, or minimum bill, since those costs do not differ with varying usage.

The total for the first rate step is \$1,031,486 which is divided by the number of bills issued on an annual bases which calculates to a minimum bill of \$15.10 for the first 2,000 gallons. However, the rate for the minimum bill has been adjusted downward to \$15.02 to better correlate to the required revenue from rates. The totals for the remaining rate steps are each divided by the actual water usage for each rate step to calculate the remainder of the rates.

The full cost of service study for Muhlenberg County is included as Attachment E.

ATTACHMENT E
STAFF REPORT CASE NO. 99-512
COST OF SERVICE STUDY

Cost of Service Study

Muhlenberg County Water District

Wholesale Rate Allocations	Sheet 1 - Sheet 2
Calculation of the Wholesale Rate	Sheet 3
Retail Rate Allocations	Sheet 4 - Sheet 6
Calculation of Retail Rates	Sheet 7
Verification of Recommended Rates	Sheet 8 - Sheet 9
Recommended Rates	Sheet 10
Rate Comparison Sheet	Sheet 11

TOTAL WATER PURCHASED AND SOLD
Muhlenberg County Water District

	Gallons	Percent
Sales to Retail	345,271,000	
Sales to Wholesale	48,150,000	
Total Water Produced and Purchased	515,786,300	
Total Sold	393,421,000	
Plant Use	6,057,145	1.17%
Line Loss	115,860,055	22.46%

WHOLESALE ALLOCATION FACTORS

Muhlenberg County Water District

		Multiplier
Plant Use Percentage	0.0117	
Line Loss Percentage	0.2246	
Plant Use and Line Loss	.0117 + .2246	0.2364
Muhlenberg Co Water Production Multiplier	1/1-.2363	1.3095
Wholesale Inch Mile Ratio	700/2779	0.2519
Wholesale Share of Line Loss	.2519 x .2246	0.0566
Joint Share of Plant Use & Line Loss	.0566 + .0117	0.0683
Production Multiplier	1/1-.0683	1.0733
Production Allocation Factor	$48,150,000/393,421,000 \times (1.0733/1.3094)$	0.1003
Pipeline Transmission Factor	$48,150,000/393,421,000 \times (.2519)$	0.0308

CALCULATION OF THE WHOLESALE RATE

Muhlenberg County Water District

	Total	Wholesale Allocation Factor	Wholesale	Muhlenberg County Retail Customers
Salaries				
Transmission/Distribution	264,441	0.0308	8,152	256,289
Customer Accounts	185,884	0.0000	0	185,884
Administrative/General	36,969	0.0308	1,140	35,829
Employee Pension/Benefits				
Transmission/Distribution	60,401	0.0308	1,862	58,539
Customer Accounts	42,458	0.0000	0	42,458
Administrative/General	8,444	0.0308	260	8,184
Purchased Water	593,659	**	64,899	528,760
Purchased Power	41,404	0.1003	4,153	37,251
Chemicals	9,631	0.1003	966	8,665
Materials & Supplies	75,948	0.1003	7,619	68,329
Contractual Services	12,841	0.0308	396	12,445
Equipment Rental	1,885	0.0308	58	1,827
Transportation	26,820	0.0308	827	25,993
Insurance	22,727	0.0308	701	22,026
Bad Debt Expense	7,207	0.0000	0	7,207
Miscellaneous Expense	81,281	0.0308	2,506	78,775
Advertising Expense	1,116	0.0308	34	1,082
Rate Case Expense	2,400	0.0308	74	2,326
PSC Assessment	3,053	0.0308	94	2,959
Officer Salaries	11,000	0.0308	339	10,661
Total Operation/Maintenance	\$1,489,569		\$94,080	\$1,395,489
Taxes Other Than Income	40,198	0.0308	1,239	38,959
Depreciation:				
Supply & Treatment	7,891	0.1003	791	7,100
Transmission & Distribution:				
Wholesale Use Only	14,039		14,039	
Joint Use	41,414	0.0308	1,276	40,138
Retail Use Only	16,478			16,478
Meters & Services	16,087			16,087
Other	183,599	0.0308	5,655	177,944
Average Annual Debt Service	364,222	0.0308	11,228	352,994
Annual Debt Service Coverage	72,844	0.0308	2,246	70,598
Less: Interest Income	-6,952	0.0000	0	-6,952
Less: Other Operating Income	-66,220	0.0000	0	-66,220
Total - Utility Req Revenue	\$2,173,169		\$130,554	\$2,042,615
Calculated Rate			\$2.71	
Recommended Rate			\$2.71	

**Wholesale Gallons Sold x Production Multiplier x Purchased Water Rate

$$48,150,000 \quad \times \quad 1.0733 \quad \times \quad 1.2558 \quad = \quad 64,899$$

ALLOCATION OF PLANT VALUE
Muhlenberg County Water District

	Total	Commodity	Demand	Customer
Source of Supply & Pumping Plant:				
Land and Land Rights	27,152		27,152	
Structures and Improvement	315,080		315,080	
Pumping Equipment	230,607		230,607	
 Transmission and Distribution Plant:				
Distribution Reservoirs & Standpipes	497,037		497,037	
Services	123,835			123,835
Water Mains	7,021,269		7,021,269	
Meters	962,359			962,359
Hydrants	39,893			39,893
Subtotal	9,217,232		8,091,145	1,126,087
Allocation Percentages	100.00%		87.78%	12.22%
 General Plant:				
Office Furniture and Equipment	153,566		134,805	18,761
Transportation Equipment	261,360		229,429	31,931
Power Operated Equipment	144,901		127,198	17,703
Communication Equipment	75,771		66,514	9,257
Miscellaneous Equipment	83,244		73,074	10,170
Total	9,936,074		8,722,165	1,213,909
			87.78%	12.22%

SOURCE: 1999 Annual Report

ALLOCATION OF DEPRECIATION
Muhlenberg County Water District

	Total	Commodity	Demand	Customer
Supply & Treatment:				
Structures and Improvements	3,198		3,198	
Reservoirs and Standpipes	4,693		4,693	
Transmission & Distribution:				
Pumping Equipment	2,641		2,641	
Water Mains	69,290		69,290	
Meters & Services:				
Meters	15,934			15,934
Hydrants	153			153
Subtotal	95,909		79,822	16,087
Allocation Percentages	100.00%		83.23%	16.77%
Other:				
Other Plant and Misc. Equipment	7,691		6,401	1,290
General Plant	94,276		78,463	15,813
Other Tangible Plant	12,991		10,812	2,179
Office Furniture & Equipment	8,389		6,982	1,407
Transportation Equipment	39,949		33,248	6,701
Tools, Shop & Garage Equipment	6,067		5,049	1,018
Power Operated Equipment	14,236		11,848	2,388
Total	279,508		232,626	46,882
			83.23%	16.77%

SOURCE: Information filed in Case

ALLOCATION OF OPERATION AND MAINTENANCE EXPENSES

Muhlenberg County Water District

	Total	Commodity	Demand	Customer
Salaries				
Transmission/Distribution	\$256,289		\$256,289	
Customer Accounts	\$185,884			185,884
Employee Pension/Benefits				
Transmission/Distribution	58,539		58,539	
Customer Accounts	42,458			42,458
Purchased Water	528,760	528,760		
Purchased Power	37,251	37,251		
Chemicals	8,665	8,665		
Bad Debt Expense	7,207			7,207
Subtotal	1,125,052	574,676	314,828	235,549
Less Commodity	(574,676)			
Total	550,377		314,828	235,549
Percentages	100.00%		57.20%	42.80%
Administrative & General				
Salaries	35,829		20,495	15,334
Pensions & Benefits	8,184		4,681	3,502
Materials & Supplies	68,329		39,086	29,243
Contractual Services	12,445		7,119	5,326
Rents	1,827		1,045	782
Transportation	25,993		14,869	11,125
Insurance	22,026		12,600	9,427
Miscellaneous Expense	78,775		45,061	33,714
Advertising Expense	1,082		619	463
Rate Case Expense	2,326		1,331	995
PSC Assessment	2,959		1,693	1,266
Officer Salaries	10,661		6,098	4,563
Total Operation & Maintenance	1,395,489	574,676	469,523	351,290
Taxes Other Than Income	38,959		22,285	16,673
Depreciation:				
Supply & Treatment	7,100		7,100	
Transmission & Distribution:				
Joint Use	40,138		33,406	6,732
Retail Use	16,478		13,714	2,764
Meters & Services	16,087			16,087
Other	177,944		148,097	29,847
Average Annual Debt Service	352,994		309,868	43,126
Annual Debt Service Coverage	70,598		61,973	8,625
Less: Interest Income	-6,952			-6,952
Less: Other Income	-66,220			-66,220
Retail Revenue Requirement	\$2,042,614	\$574,676	\$1,065,967	\$401,973
Wholesale Revenue	130,554			
Total Revenue Requirement	\$2,173,169			

CALCULATION OF RETAIL WATER RATES

Muhlenberg County Water District

	Total	First 2,000	Next 8,000	Next 10,000	Next 30,000	Over 50,000
Actual Water Sales:						
Thousand Gallons	345,271,000	118,445,000	145,677,000	15,122,000	13,973,000	52,054,000
	100.00%	34.305%	42.192%	4.380%	4.047%	15.076%
Weighted Sales for Demand:						
Demand Factors		2.00	1.75	1.50	1.25	1.00
Thousand Gallons	584,028,000	236,890,000	254,934,750	22,683,000	17,466,250	52,054,000
Percent	100.00%	40.561%	43.651%	3.884%	2.991%	8.913%
Allocation of Volumetric Costs:						
Commodity	\$574,676	\$197,142	\$242,468	\$25,169	\$23,257	\$86,640
Demand	\$1,065,967	432,371	465,306	41,401	31,879	95,009
Customer	\$401,973	401,973				
Total	\$2,042,615	\$1,031,486	\$707,774	\$66,570	\$55,136	\$181,649
Number of Bills						
		68,291				
Calculated Rates						
		\$15.10	\$4.86	\$4.40	\$3.95	\$3.49
Recommended Rates						
		\$15.02	\$4.86	\$4.40	\$3.95	\$3.49

VERIFICATION OF RATES
Muhlenberg County Water District

5/8 INCH METER		BILLS	GALLONS	RATE	REVENUE
First	2,000	67,631	117,137,000	15.02	1,015,818
Next	8,000		141,811,000	4.86	689,201
Next	10,000		11,114,000	4.40	48,902
Next	30,000		4,504,000	3.95	17,791
Over	50,000		2,083,000	3.49	7,270
			276,649,000		1,778,981

1 INCH METER		BILLS	GALLONS	RATE	REVENUE
First	5,000	279	1,053,000	29.60	8,258
Next	5,000		713,000	4.86	3,465
Next	10,000		985,000	4.40	4,334
Next	30,000		1,859,000	3.95	7,343
Over	50,000		3,679,000	3.49	12,840
			8,289,000		36,240

1 1/2 INCH METER		BILLS	GALLONS	RATE	REVENUE
First	11,000	48	459,000	58.30	2,798
Next	9,000		203,000	4.40	893
Next	30,000		284,000	3.95	1,122
Over	50,000		1,000	3.49	3
			947,000		4,817

2 INCH METER		BILLS	GALLONS	RATE	REVENUE
First	16,000	285	4,078,000	80.30	22,886
Next	4,000		959,000	4.40	4,220
Next	30,000		6,343,000	3.95	25,055
Over	50,000		39,971,000	3.49	139,499
			51,351,000		191,659

3 INCH METER		BILLS	GALLONS	RATE	REVENUE
First	26,000	36	636,000	121.60	4,378
Next	24,000		576,000	3.95	2,275
Over	50,000		4,928,000	3.49	17,199
			6,140,000		23,852

VERIFICATION OF RATES
Muhlenberg County Water District

4 INCH METER		BILLS	GALLONS	RATE	REVENUE
First	36,000	12	385,000	161.10	1,933
Next	14,000		118,000	3.95	466
Over	50,000		1,392,000	3.49	4,858
			1,895,000		7,257

SUB-TOTALS		BILLS	GALLONS	REVENUE
Total Retail		68,291	345,271,000	2,042,806

WHOLESALE CUSTOMERS		BILLS	GALLONS	RATE	REVENUE
All Usage		24	48,150,000	2.71	130,487

RETAIL	BILLS	GALLONS	REVENUE
RETAIL	68,291	345,271,000	2,042,806
WHOLESALE	24	48,150,000	130,487
GRAND TOTAL	68,315	393,421,000	2,173,293

Revenue Projected	2,173,293
Revenue Requirement	2,173,169
Difference	124
Percentage	0.01%

	<u>Current</u>	<u>District Proposed</u>	<u>PSC Staff Recommendation</u>
Average Residential Monthly Bill	\$26.05	\$32.67	\$29.60
(5,000 gallons usage)	n/a	25.41%	13.63%

RATE COMPARISON

Muhlenberg County Water District

Meter Size	Usage Block	Current Rates	District's Proposal	Recommended Rates
5/8" X 3/4"	First 2,000 Gallons	10.96	13.74	15.02
	Next 8,000 Gallons	5.03	6.31	4.86
	Next 10,000 Gallons	4.43	5.56	4.40
	Next 30,000 Gallons	3.78	4.74	3.95
	Over 50,000 Gallons	2.88	3.62	3.49
1"	First 5,000 Gallons	26.05	32.67	29.60
	Next 5,000 Gallons	5.03	6.31	4.86
	Next 10,000 Gallons	4.43	5.56	4.40
	Next 30,000 Gallons	3.78	4.74	3.95
	Over 50,000 Gallons	2.88	3.62	3.49
1 1/2"	First 11,000 Gallons	55.63	69.78	58.30
	Next 9,000 Gallons	4.43	5.56	4.40
	Next 30,000 Gallons	3.78	4.74	3.95
	Over 50,000 Gallons	2.88	3.62	3.49
2"	First 16,000 Gallons	77.78	97.58	80.30
	Next 4,000 Gallons	4.43	5.56	4.40
	Next 30,000 Gallons	3.78	4.74	3.95
	Over 50,000 Gallons	2.88	3.62	3.49
3"	First 26,000 Gallons	118.18	148.26	121.60
	Next 24,000 Gallons	3.78	4.74	3.95
	Over 50,000 Gallons	2.88	3.62	3.49
4"	First 36,000 Gallons	155.98	195.66	161.10
	Next 14,000 Gallons	3.78	4.74	3.95
	Over 50,000 Gallons	2.88	3.62	3.49
Wholesale Rate		2.23	2.80	2.71

Sample Bills	Monthly Usage	Current Rates	District's Proposal	Recommended Rates
	2,000 Gallons	10.96	13.74	15.02
	3,000 Gallons	15.99	20.05	19.88
	4,000 Gallons	21.02	26.36	24.74
	5,000 Gallons	26.05	32.67	29.60

RECOMMENDED RATES

Muhlenberg County Water District

Meter Size	Usage Block	Recommended Rates
5/8" X 3/4"	First 2,000 Gallons	15.02
	Next 8,000 Gallons	4.86
	Next 10,000 Gallons	4.40
	Next 30,000 Gallons	3.95
	Over 50,000 Gallons	3.49
1"	First 5,000 Gallons	29.60
	Next 5,000 Gallons	4.86
	Next 10,000 Gallons	4.40
	Next 30,000 Gallons	3.95
	Over 50,000 Gallons	3.49
1 1/2"	First 11,000 Gallons	58.30
	Next 9,000 Gallons	4.40
	Next 30,000 Gallons	3.95
	Over 50,000 Gallons	3.49
2"	First 16,000 Gallons	80.30
	Next 4,000 Gallons	4.40
	Next 30,000 Gallons	3.95
	Over 50,000 Gallons	3.49
3"	First 26,000 Gallons	121.60
	Next 24,000 Gallons	3.95
	Over 50,000 Gallons	3.49
4"	First 36,000 Gallons	161.10
	Next 14,000 Gallons	3.95
	Over 50,000 Gallons	3.49
Wholesale Rate		2.71

Commonwealth of Kentucky
Before the Public Service Commission

RECEIVED
SEP 29 2000
PUBLIC SERVICE
COMMISSION

In the Matter of:)
THE APPLICATION OF MUHLENBERG COUNTY) PSC Case No. 1999-512
WATER DISTRICT FOR A GENERAL RATE)
ADJUSTMENT PURSUANT TO THE PROVISIONS)
OF KRS 278.030 AND 807 KAR 5:001)

COMMENTS OF THE ATTORNEY GENERAL
ON THE REPORT OF THE COMMISSION'S STAFF

Comes now the Attorney General, by and through his Office of Rate Intervention, to provide comments relating to the report of the Commission's Staff. Per the 4 August 2000, Order of procedure in this case, the filing is authorized and timely.

The Muhlenberg County Water District's Petition for an adjustment in rates contains a request to annually adjust rates in accordance with the Consumer Price Index for Urban Wage Earners and Clerical Workers. Attachment F of the Staff Report contains a discussion of rate indexing along with a recommendation that the Commission authorize an annual rate indexing mechanism on a trial basis.

On 22 August 2000, the Attorney General gave notice that he objects to the District's request for authorization to utilize an indexing mechanism. Through these comments to the Staff Report, the Attorney General provides the basis for his objection and observations relating to the analysis in the Staff Report.

The Commission Does Not Possess the Power to Authorize Indexing.

The Public Service Commission is a statutory creation that derives its power from the General Assembly. The legislature sets forth the jurisdiction of the Commission in KRS Chapter 278. The legislature has not expressly given the Commission the power to implement indexing, and the statutes do not imply that such an exercise of power is consistent with the legislative grant of power.

In construing statutes, the goal is to carry out the will of the legislature. An express grant of power removes any doubt relating to the General Assembly's intent. For example, the legislature expressly authorizes a water district to increase its rates to pass through an increase in the district's water purchase cost. KRS 278.015. Further this authority permits an increase in rates without prior Commission approval. Hence, it is clearly the legislature's will that water districts have a special adjustment mechanism in addition to the traditional mechanism per KRS 278.180.

There is no statute that expressly authorizes a water district to change its rates through a rate indexing procedure. The focus shifts to the issue of whether permitting such an action is consistent with the authority the Commission has by implication. With respect to the mechanism in the District's application, indexing is contrary to the legislature's grant of authority. Consequently, it is outside the Commission's power.

While there is a tradition of permitting the variation of utility charges outside of a general adjustment in rates through formulas relating to fuel and gas costs, the basis of these mechanisms is that the change in rates relates to specific variations in the cost

of a major expense item. Such formulas track actual changes in cost unique to the utility. They do not apply a general index to existing rates. The difference represents the stark contrast between an expense adjustment clause and a blanket index. Expense adjustment clauses do not alter the basic return component. Rather, the expense adjustment clauses promote earnings that fall within the statutory range to produce "fair, just and reasonable" rates.

The difference between an index adjustment and an expense adjustment clause is not minor. The Staff Report refers to the use of indexing mechanisms in both Florida and Wisconsin. With respect to indexing in these jurisdictions, there are some points warranting discussion. Both Commissions utilize a mechanism that results from an express grant of authority. See Fla Stat Ann §367.081 (West 2000) and Wis Stat Ann §196.193 (West 2000). This fact is wholly consistent with the premise that indexing is not an implied power of a Commission.

Another point is that both mechanisms contain a return measurement component. See Fla Stat Ann §367.081(4)(c) (West 2000)(the utility must file an affirmation stating that the change will not cause the utility to exceed the range of its last authorized rate of return on equity) and Wis Stat Ann §196.193(1)(b) (West 2000)(the revenue increase may not exceed a commission-determined rate of return or result in an amount exceeding 6% of the utility's prior year total O&M expenses). These provisions prohibit the use of indexing in situations where an adjustment would alter the utility's basic return component. This fact is consistent with the premise that

indexing has no direct relationship with the utility's actual return because an index does not trace actual costs unique to the utility.

It is noteworthy to point out that the Kentucky legislature has chosen to include indexing criteria in the regulatory scheme for small telephone utilities. KRS 278.516. Further, it is clear that the indexing provisions for small telephone utilities were not part of the existing regulatory process and indexing constitutes regulatory flexibility that is not present in traditional regulation. KRS 278.516(1). Hence, the fact that the General Assembly has seen fit to specifically provide indexing criteria as part of an alternative framework for adjusting rates readily manifests the fact that indexing represents a departure from traditional regulatory principles and requires express authority. To date, the legislature has chosen to limit indexing criteria to small telephone companies.

There is no express grant of authority authorizing indexing. Indexing adjustments are quite different in character from expense adjustment mechanisms. The legislature has chosen to permit water districts to increase rates without prior approval by the Commission via KRS 278.015. The statute limits this authority to changes in water purchase costs. If the legislature had seen fit to add indexing criteria to this statute for other expenses, it could have. It did not. Finally, the legislature recognizes that indexing criteria is regulatory mechanism that is not part of the traditional framework, and it has yet to extend the availability of this new framework device to water districts. These facts together demonstrate that there is no implicit authority for the Commission to authorize indexing.

The Indexing Plan in the Staff Report Raises Some Concerns.

Notwithstanding the fact that the indexing plan is outside the jurisdiction of the Commission, the Attorney General has some concerns with the plan. First, the plan in tandem with KRS 278.015 permits double recovery for water purchase costs. Second, the plan has no review mechanism to determine if the indexing adjustment will result in rates that are outside of the range of "fair, just and reasonable" rates.

Schedule 1 of the District's Response to the Commission Staff's Second Set of Interrogatories, Question 1, sets forth a historical comparison of revenues and expenses for the District for the years 1995 through 1999. The schedule reflects that the largest operating expense for the utility for each year is the Purchased Water expense. Indeed, in 1997 the Purchased Water expense represents 42% of the District's total operating expense. Consequently, this is the expense item providing the District with its greatest exposure relating to an increase in cost. KRS 278.015 provides the District with the ability to increase its rates commensurate with any increase for this operating expense. Thus, the indexing mechanism provides a potential double adjustment for the same expense item.

If there is an indexing provision, there is the need to extract water purchase costs from the calculation. Florida, which has a similar adjustment provision for increases in water purchase costs (Fla Stat Ann §367.081(4)(b) (West 2000)), prohibits the application of indexing to such operating costs. See Fla Stat Ann §367.091(4)(a) (West 2000)("a

utility may not use this procedure to increase any operating cost for which an adjustment has been or could be made under paragraph (b)'').

The indexing mechanism in the Staff Report does not contain any provision to review or otherwise determine whether the indexing adjustment is necessary or will result in the utility earning an amount in excess of revenue necessary to collect "fair, just and reasonable" rates. While the prevailing conventional wisdom suggests that such an adjustment mechanism will not produce this result, this is a shaky premise. For example, the District has no studies regarding its future operating expenses (Response to the Commission Staff's Second Set of Interrogatories, Question 7). A measure of protection is prudent. Both jurisdictions in the Staff Report have a review process. Fla Stat Ann §367.081(4)(c) (West 2000) and Wisc Stat Ann §196.193(1)(b) (West 2000). Indeed, Florida's statutory scheme offers the further protection of a refund provision. Fla Stat Ann §367.081(4)(d) (West 2000).

Summary

As with the statutory mechanism that allows a water district to adjust its rates without prior Commission approval for increases in water purchase costs, an indexing mechanism applicable to certain expenses is a measure that may ultimately provide water districts with a greater degree of financial stability. At current, except for increases in wholesale water costs, there is no statutory authority for a water district to change its rates in a manner other than the "traditional" mechanism of KRS 278.180. This traditional or convention regulatory framework does not expressly or by implication provide any authority to change rates via an indexing adjustment. Hence, the implementation of indexing for water districts requires a statutory mandate.

Because indexing is a practice that the legislature may wish to extend to water districts, there are, at a minimum, two very important safeguards that should be a part of any indexing scheme. First, indexing should not apply to costs that a district may adjust under KRS 278.015. Second, there should be some level of review to determine if the indexing adjustment produces revenue within a range that is "fair, just and reasonable."

WHEREFORE, the Attorney General submits his comments to the Staff Report of the Commission and requests that the Commission reject the Staff Report recommendation to adopt indexing.

Respectfully submitted,

A. B. CHANDLER III
ATTORNEY GENERAL

David Edward Spenard
David Edward Spenard
Assistant Attorney General
1024 Capital Center Drive
Frankfort, KY 40601-8204
502.696.5457

Certificate of Service and Filing

Counsel certifies that an original and ten photocopies of the Comments of the Attorney General on the Report of the Commission's Staff were served and filed by hand delivery to Thomas M. Dorman, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601; furthermore, it was served by mailing a true and correct copy of the same, first class postage prepaid, to Tommy Woodruff, Muhlenberg County Water District, P.O. Box 348, Greenville, Kentucky 42345 and Damon R. Talley, P.O. Box 150, Hodgenville, Kentucky 42748 all on this 29th day of September, 2000.

David Edward Spenard
Assistant Attorney General

DAMON R. TALLEY, P.S.C.

112 N. LINCOLN BLVD.
P.O. BOX 150
HODGENVILLE, KENTUCKY 42748

TEL. (270) 358-3187
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DAMON R. TALLEY

ATTORNEY AT LAW

September 28, 2000

Mr. Thomas M. Dorman
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

RECEIVED

SEP 29 2000

PUBLIC SERVICE
COMMISSION

RE: Muhlenberg County Water District
Case No. 1999-512
(Rates -General)

Dear Mr. Dorman:

Enclosed for filing are the original and eight (8) copies of the Muhlenberg County Water District's Comments to the Staff Report prepared by Commission Staff.

Yours truly,

DAMON R. TALLEY, P.S.C.,



DAMON R. TALLEY, ATTORNEY FOR
MUHLENBERG COUNTY WATER
DISTRICT

DRT:ln

Enclosures

cc: David Edward Spenard, Assistant Attorney General
Muhlenberg County Water District

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

RECEIVED

THE APPLICATION OF MUHLENBERG COUNTY)
WATER DISTRICT FOR A GENERAL RATE)
ADJUSTMENT PURSUANT TO THE PROVISIONS)
OF KRS 278.030 AND 807 KAR 5:001.)

SEP 29 2000
CASE NO. 1999-512
HISTORIC TEST
PUBLIC SERVICE COMMISSION
YEAR UTILIZED

*** ** *** ** *** ** *** ** ***

COMMENTS OF MUHLENBERG COUNTY WATER DISTRICT
TO STAFF REPORT

The Applicant, MUHLENBERG COUNTY WATER DISTRICT (the "DISTRICT"), by Counsel, makes the following comments to the recommendations contained in the Staff Report and the Cost of Service Study performed by the Commission's Staff (the "Staff").

1. The DISTRICT maintains its previous position that revenues of \$2,404,188, as requested in its original application, are needed to meet its reasonable operating expenses and the minimum debt service requirements of its existing long term debt.

2. Although the District disagrees with some of the specific Staff recommended adjustments contained in Attachment B to the Staff Report, the District is willing to accept these adjustments if this case can be submitted to the Commission for a decision without the necessity of an evidentiary hearing.

3. The DISTRICT accepts the methodology used by Staff in preparing the Cost of Service Study (Attachment D and E of the Staff Report).

4. The DISTRICT **rejects** the Staff recommended wholesale rate of \$2.33 per one thousand gallons and requests the Staff to recalculate the wholesale rate for the following reasons:

- A. An insufficient amount of Purchased Water expense was allocated to the wholesale customers; and
- B. An insufficient amount of Depreciation expense was allocated to the wholesale customers.

5. **Purchased Water Expense.** The Cost of Service Study portion of the Staff Report allocates the sum of \$59,544 as the portion of the Purchase Water expense for which the wholesale customers should be responsible (See Staff Report, Attachment E, Sheet 3). This amount is insufficient. During the test year the wholesale customers purchased 48,150,000 gallons of water. The DISTRICT'S actual cost of purchasing the water from its supplier, Central City, is \$1.2558 per one thousand gallons. Thus, the actual cost of the water, without considering any line loss, is \$60,467 ($48,150 \times \1.2558). This is \$923 more than the Cost of Service Study allocated for Purchased Water expense. The DISTRICT proposes the following methodology for calculating the portion of the Purchased Water expense that should be allocated to the wholesale customers.

Wholesale Gallons Sold x Production Multiplier x Purchased Water Rate

$$48,150,000 \times 1.0733 \times \$1.2558 = \$64,899$$

The DISTRICT proposes that the Staff's Cost of Service Study be modified to reflect that the Purchased Water expense allocated to the wholesale customers be the sum of **\$64,899**.

6. **Depreciation Expense.** The cost of Service Study portion of the Staff Report allocates the total sum of \$8,661 as the portion of Depreciation expense for which the wholesale customers should be responsible (See Staff Report, Attachment E, Sheet 3). The DISTRICT requests that this amount be increased to \$21,761. When the Staff prepared the Cost of Service Study it did not have sufficient information to determine which transmission and distribution facilities were used solely by the wholesale customers, which facilities were used solely by the retail customers, and which facilities were jointly used by both retail and wholesale customers. Consequently, the Staff allocated the Depreciation expense associated with all the transmission and distribution facilities by using the wholesale allocation factors shown on Sheet 2 of Attachment E.

7. After further investigation, it has been determined that a significant portion of the transmission and distribution facilities is used solely by the wholesale customers and does not benefit any retail customers. This portion of the transmission

and distribution system is known as the TVA Project. It was completed in October, 1993 at a cost of \$701,968.89. It is shown on page 10 of the DISTRICT'S depreciation Schedule (See DISTRICT'S Response to Item 1 of Commission's June 30, 2000 Information Order). The TVA Project was paid for by TVA as a Contribution in Aid of Construction. Therefore, there is no debt service expense associated with these facilities, only depreciation expense. The annual depreciation expense for the TVA Project is \$14,039 (See Depreciation Schedule, page 10). The DISTRICT proposes that 100% of this amount be allocated to the wholesale customers.

8. Likewise, a significant portion of the transmission and distribution system facilities benefit only the DISTRICT'S retail customers. Since receiving the Staff Report, the DISTRICT has reviewed all the items contained in its Depreciation Schedule and has identified those facilities which benefit only the retail customers.

9. **Table 1000**, which is attached hereto, lists the various transmission and distribution system facilities and the annual Depreciation expense for each facility. It also shows the facilities which benefit only the retail customers. The balance of the transmission and distribution facilities are joint use facilities.

10. **Table 1001**, which is attached hereto, uses the information from **Table 1000** and from Sheet 3 of Attachment E to the Staff Report. **Table 1001** allocates

the Depreciation expense associated with each type of water system facility. It uses the same wholesale allocation factors calculated by Staff and shown on Sheet 2 of Attachment E. The only exceptions are the transmission and distribution facilities used exclusively by the wholesale customers and those used exclusively by the retail customers.

11. **Table 1001** shows Depreciation expense in the total sum of \$21,761 being allocated to wholesale customers. This is a net increase of **\$13,100** (\$21,761 - \$8,661) over the amount recommended by Staff.

12. For the foregoing reasons, the DISTRICT proposes that Sheet 3 of Attachment E be modified as shown in **Table 1001** so that the Depreciation expense will be more fairly allocated between wholesale and retail customers.

13. The DISTRICT requests that Commission Staff recalculate the wholesale rate based upon the requested changes to the Purchase Water expense and Depreciation expense allocated to the wholesale customers.

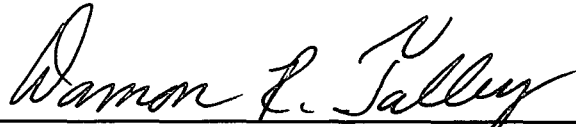
14. The DISTRICT also requests that Commission Staff modify the other portions of its Cost of Service Study once the new wholesale rate has been determined.

15. The DISTRICT accepts all other portions of the Staff Report.

This 28th day of September, 2000.

Respectfully submitted,

DAMON R. TALLEY, P.S.C.



**DAMON R. TALLEY, ATTORNEY FOR
MUHLENBERG COUNTY WATER
DISTRICT**

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TABLE 1000

**TRANSMISSION & DISTRIBUTION FACILITIES
1999 DEPRECIATION EXPENSE**

(1) Description	(2) Page Reference	(3) Wholesale Only	(4) Retail Only
3-87 Trans. & Dist. Mains	1		\$ 833
1988 Trans. & Dist. Mains	2		1,667
TVA Project	10	\$ 14,039	
Forrest Oak Extension	10		5,713
Nelson Creek Telemetry	11		605
1994 Transmission Mains	12		215
Nelson Creek Pump Bldg.	14		300
1997 Transmission/Dist.	18		304
1998 Line Additions	20		538
1998 Dunmor Pump Station	20		2,662
1998 Dunmor Tank	20		3,536
1999 Extensions	21		105
TOTAL		\$ 14,039	\$ 16,478

NOTE: Page Reference (column 2) refers to the page of the Depreciation Schedule where the T&D facility is described and the Depreciation expense is itemized.

**CALCULATION OF THE WHOLESALE RATE
DEPRECIATION EXPENSE COMPONENT**

	Total	Wholesale Allocation Factor	Wholesale	Muhlenberg County Retail Customers
Depreciation:				
Supply & Treatment	\$7,891	0.1003	\$791	\$7,100
Transmission & Distribution:				
Wholesale Use Only (1)	14,039	1.0000	14,039	0
Joint Use (2)	41,414	0.0308	1,276	40,138
Retail Use Only (1)	16,478	0.0000	0	16,478
Meters & Services	16,087	0.0000	0	16,087
Other	183,599	0.0308	5,655	177,944
TOTAL	\$279,508	N/A	\$21,761	\$257,747

Amount of Depreciation Expense Proposed to be
Allocated to Wholesale Customers: \$21,761

Amount of Depreciation Expense Staff Report
Allocated to Wholesale Customers: 8,661

Net Increase \$13,100

NOTES: (1) Wholesale Use only and Retail Use Only amounts were obtained from Table 1000.

(2) Joint Use amount is Total T&D Depreciation Expense (\$71,931) less Wholesale Use less Retail Use.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

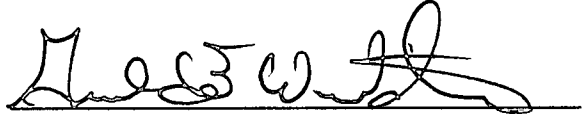
In the Matter of:

THE APPLICATION OF MUHLENBERG COUNTY)
WATER DISTRICT FOR A GENERAL RATE) CASE NO. 99-512
ADJUSTMENT PURSUANT TO THE PROVISIONS OF)
KRS 278.030 AND 807 KAR 5:001)

NOTICE OF FILING OF COMMISSION
STAFF REPORT

Commission Staff hereby gives notice that, pursuant to the Commission's Orders of June 22, 2000 and August 4, 2000, the attached written report on Muhlenberg County Water District's proposed rate adjustment has been filed with the Commission.

Respectfully submitted,



Gerald E. Wuetcher
Stewart Douglas Hendrix
211 Sower Boulevard
Post Office Box 615
Frankfort, Kentucky 40602
502/564-3940

COUNSEL FOR COMMISSION STAFF

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Notice was served by first class mail, postage prepaid, upon the following, this 15th day of September, 2000:

Damon R. Talley, Esq.
112 N. Lincoln Boulevard
Post Office Box 150
Hodgenville, Kentucky 42748

David Edward Spenard, Esq.
Assistant Attorney General
1024 Capital Center Drive
Frankfort, Kentucky 40601-8204



Gerald E. Wuetcher

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF MUHLENBERG COUNTY)
WATER DISTRICT FOR A GENERAL RATE) CASE NO. 1999-512
ADJUSTMENT PURSUANT TO THE PROVISIONS)
OF KRS 278.030 AND 807 KAR 5:001)

STAFF REPORT

Prepared by: Karen S. Harrod, CPA
Public Utilities Financial Analyst
Water and Sewer Revenue
Requirements Branch
Division of Financial Analysis

Prepared by: Brent Kirtley
Public Utilities Rate Analyst
Communications, Water and
Sewer Rate Design Branch
Division of Financial Analysis

STAFF REPORT
ON
MUHLENBERG COUNTY WATER DISTRICT
CASE NO. 1999-512

On December 29, 1999, Muhlenberg County Water District ("Muhlenberg County") submitted its intent to file for an adjustment of its rates. The application was filed on May 4, 2000. In order to evaluate the requested increase, Commission Staff ("Staff") performed a limited financial review of Muhlenberg County's test period operations, the year ended December 31, 1999.

The scope of Staff's review was limited to obtaining information as to whether the test period operating revenues and expenses were representative of normal operations. Insignificant or immaterial discrepancies were not pursued and are not addressed herein.

Karen Harrod is responsible for the preparation of this Staff Report except for the determination of normalized operating revenue and Attachments D, E, and F, which were prepared by Brent Kirtley.

A schedule of Muhlenberg County's proposed pro-forma operations is shown in Attachment A. Based on Staff's recommendations Muhlenberg County's operating statement and revenue requirement would appear as set forth in Attachments B and C, respectively.

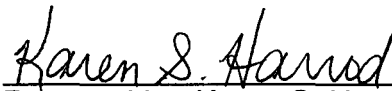
Muhlenberg County's proposed rates would produce an increase of \$471,744,¹ or 25.3 percent, over normalized test-year revenues from water sales. Based on Staff's

¹Exhibit 16 of Muhlenberg County's Application.

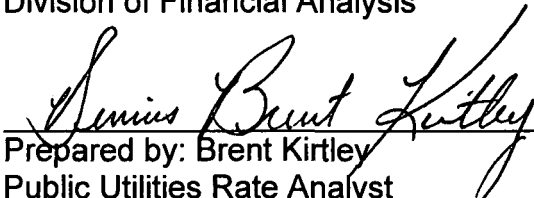
recommended operations and a 1.2² Debt Service Requirement, Staff determined that Muhlenberg County's revenue requirement is \$2,246,341, as shown in Attachment C. This results in an increase of \$309,039, or 16.6 percent over normalized test-year revenues from water sales.

Attachments D and E contain the discussion and workpapers with regard to Staff's cost of service study. The recommended rates, based on Staff's cost of service study, are shown on Sheet 10 of Attachment E and will achieve Staff's recommended level of revenue. Attachment F discusses Muhlenberg County's proposal for rate indexing.

Signatures



Prepared by: Karen S. Harrod, CPA
Public Utility Financial Analyst
Water and Sewer Revenue
Requirements Branch
Division of Financial Analysis



Prepared by: Brent Kirtley
Public Utilities Rate Analyst
Communications, Water and
Sewer Rate Design Branch
Division of Financial Analysis

²Item 15 of Muhlenberg County's response to the Commission's June 30, 2000 Information Order.

ATTACHMENT A
 STAFF REPORT CASE NO. 99-512
 MUHLENBERG COUNTY WATER DISTRICT - REQUESTED OPERATIONS

	Test Year (per Ex. 14)	Proposed Adjustments	Ref.	Proposed Test Year
Operating Revenues				
Water Sales	1,859,853	-		1,859,853
Other Operating Revenues	66,220	-		66,220
Total Operating Revenues	1,926,073	-		1,926,073
Operating Expenses				
Salaries & Wages - Employees	507,175	-		507,175
Salaries & Wages - Officers	10,700	-		10,700
Employee Pensions & Benefits	161,733	18,852	A	180,585
Purchased Water	650,364	-		650,364
Purchased Power	41,404	-		41,404
Chemicals	9,631	-		9,631
Materials & Supplies	75,948	-		75,948
Contractual Services - Engineering	2,895	-		2,895
Contractual Services - Accounting	4,990	-		4,990
Contractual Services - Legal	4,956	-		4,956
Rental of Equipment	1,885	-		1,885
Transportation Exp.	26,820	-		26,820
Insurance - Gen. Liability & Vehicle	29,383	-		29,383
Insurance - Workmen's Comp.	5,901	-		5,901
Insurance - Other	-	-		-
Advertising Expense	1,116	-		1,116
Amort. of Rate Case Exp.	-	3,333	B	3,333
Regulatory Commission Expense	3,053	-		3,053
Bad Debt Expense	7,207	-		7,207
Miscellaneous Expense	82,932	-		82,932
Total Operation & Maint. Expense	1,628,093	22,185		1,650,278
Depreciation Expense	286,932	-		286,932
Taxes other than Income	41,719	-		41,719
Total Operating Expenses	1,956,744	22,185		1,978,929
Net Operating Income	(30,671)	(22,185)		(52,856)
Other Income - Interest	27,291	(9,113)	C	18,178
Income Available for Debt Service	(3,380)	(31,298)		(34,678)

ATTACHMENT B
STAFF REPORT CASE NO. 99-417
STAFF'S RECOMMENDED OPERATIONS

	Test Year (per Ex. 14)	Staff Recommended Adjustments	Ref.	Staff Recommended Test Year
Operating Revenues				
Water Sales	1,859,853	4,276	(A)	1,864,129
Other Operating Revenues	66,220	-		66,220
Total Operating Revenues	1,926,073	4,276		1,930,349
Operating Expenses				
Salaries & Wages - Employees	507,175	(19,881)	(B)	487,294
Salaries & Wages - Officers	10,700	300	(C)	11,000
Employee Pensions & Benefits	161,733	(50,430)	(D)	111,303
Purchased Water	650,364	(56,705)	(E)	593,659
Purchased Power	41,404	-		41,404
Chemicals	9,631	-		9,631
Materials & Supplies	75,948	-		75,948
Contractual Services - Engineering	2,895	-		2,895
Contractual Services - Accounting	4,990	-		4,990
Contractual Services - Legal	4,956	-		4,956
Rental of Equipment	1,885	-		1,885
Transportation Exp.	26,820	-		26,820
Insurance - Gen. Liability & Vehicle	29,383	(14,297)	(F)	15,086
Insurance - Workmen's Comp.	5,901	(738)	(G)	5,163
Insurance - Other	-	2,478	(H)	2,478
Advertising Expense	1,116	-		1,116
Amortization of Rate Case Exp.	-	2,400	(I)	2,400
Regulatory Commission Expense	3,053	-		3,053
Bad Debt Expense	7,207	-		7,207
Miscellaneous Expense	82,932	(1,651)	(J)	81,281
Total Operation & Maintenance Exp.	1,628,093	(138,524)		1,489,569
Depreciation Expense	286,932	(7,424)	(K)	279,508
Taxes other than Income	41,719	(1,521)	(L)	40,198
Total Operating Expenses	1,956,744	(147,469)		1,809,275
Net Operating Income	(30,671)	151,745		121,074
Other Income - Interest	27,291	(20,339)	(M)	6,952
Income Available for Debt Service	(3,380)	131,406		128,026

ATTACHMENT B
STAFF REPORT CASE NO. 99-417
STAFF'S RECOMMENDED OPERATIONS

(A) Operating Revenues – Water Sales

Muhlenberg County's 1999 annual report showed annual revenue from water sales in the amount of \$1,859,853 and total operating revenue of \$1,926,073. The billing analysis provided as Exhibit 11 of Muhlenberg County's application showed that the district's total revenue from water sales for the 1999 test year was \$1,864,129, an increase of \$4,276 over the reported amount. Therefore, for the purposes of this report Muhlenberg County's normalized revenue from water sales is \$1,864,129.

(B) Salaries & Wages - Employees

For the test year Muhlenberg County reported employee salaries and wages expense of \$507,175. Muhlenberg County pays its employees on a weekly basis every Friday which, for the test period, resulted in 53 pay periods rather than 52. Based on Muhlenberg County's response to Item 2 of the Commission's June 30, 2000 Information Order, test year expense included regular wages of \$449,322, overtime pay of \$46,250, Christmas bonuses of \$3,330, clothing allowances of \$1,823, meeting pay of \$2,550 and on call pay of \$3,900.

Based on the current salary levels of Muhlenberg County's employees Staff calculated normalized regular salaries and wages to be \$487,567, a decrease of \$755 from the test year level. During the test year overtime was reported at an usually high level due to employees working after hours on the remodeling of the district's office. In its response to Item 18 of the Commission's August 18, 2000 Information Order, Muhlenberg proposed an average level of overtime pay of \$33,118. This is based on a 5-year average using actual overtime wages paid in 1996, 1997, and 1998, an adjusted

ATTACHMENT B
STAFF REPORT CASE NO. 99-417
STAFF'S RECOMMENDED OPERATIONS

amount for 1999, and an annualized amount for 2000. Staff concurs with Muhlenberg County's calculations and has included overtime pay at a level of \$33,118.

With regard to meeting pay, Muhlenberg County described this expense as payment to the superintendent, the two assistant superintendents, and the office manager for attendance at Board of Commissioner's meetings. They are each paid \$50 per meeting.³ The superintendent and assistant superintendents are salaried employees and it is Staff's opinion that attendance at board meetings should be part of their normal job duties. Staff agrees that it is helpful for the office manager to attend board meetings too. Since the office manager is paid hourly it would be appropriate to pay this employee overtime for attendance at the meetings. Accordingly, meeting pay of \$2,550 has been disallowed for ratemaking purposes.

Clothing allowance expense for the test period included \$113.98 for an employee who is no longer with the district. Based on the 15 eligible employees and an annual clothing allowance of \$113.98 per person,⁴ the test year amount should be \$1,709. In addition, Christmas bonuses of \$3,330 have been disallowed by Staff for ratemaking purposes. Such bonuses are not part of an employee's normal compensation and are solely at the discretion of management. As a result the ratepayers receive no direct benefit from the expense.

The adjustments to employee salaries and wages expense result in a net decrease of \$19,881 and can be summarized as follows:

³ Muhlenberg County's responses to Item 2 of the Commission's June 30, 2000 Information Order and Item 19 of the Commission's August 18, 2000 Information Order.

⁴ Muhlenberg County's response to Item 2 of the Commission's June 30, 2000 Information Order.

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STAFF REPORT CASE NO. 99-417
STAFF'S RECOMMENDED OPERATIONS

	Test Year	Staff Adjusted	Staff Recommended
Regular Wages	449,322	(755)	448,567
Overtime Wages	46,250	(13,132)	33,118
Christmas Bonus	3,330	(3,330)	-
Clothing Allowance	1,823	(114)	1,709
Meeting Pay	2,550	(2,550)	-
On Call Pay	3,900	-	3,900
	<u>507,175</u>	<u>(19,881)</u>	<u>487,294</u>

(C) Salaries & Wages - Officers

For the test year Muhlenberg County reported officer's salaries and wages expense of \$10,700. Based on a salary of \$300 per month for each of the district's three commissioners and an additional \$200 for the treasurer,⁵ normalized expense would be \$11,000. Therefore, Staff recommends an increase of \$300 over the test year level.

(D) Employee Pensions & Benefits

Muhlenberg reported test year employee pensions and benefits expense of \$161,733, which it proposed to increase by \$18,852, based on an increase in health insurance premiums. According to the general ledger provided by Muhlenberg County, test year health insurance expense was actually \$111,550 and included payment for family and parent-plus coverage for most employees. It is Staff's opinion that the provision of health insurance should be uniform for all employees of the utility. Therefore, Staff generally recommends that the Commission disallow coverage other than single plans unless additional coverage is given in lieu of a salary increase.

⁵Muhlenberg County's response to Item 8 of the Commission's June 30, 2000 Information Order.

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STAFF'S RECOMMENDED OPERATIONS

According to Muhlenberg County's response to Item 20 of the Commission's August 18, 2000 Information Order, the additional health insurance coverage is considered to be a benefit and is not part of the employee's salaries or wages. Accordingly, family and parent-plus coverage have not been included for ratemaking purposes.

Test year health insurance expense also included payments totaling \$1,044 for prior year co-pays. The district previously had a policy to pay one-half of an employee's co-pay or deductible for certain medical expenses. That policy is no longer in effect.

Based on the current single plan premium of \$272.65 per month, Staff recommends a decrease to test year expense of \$50,430, calculated as follows:

Current Annual Health Insurance Expense (19 employees x \$272.65 x 12 mos.)	\$ 62,164
Less: Test Year Expense	111,550
Expense for prior year co-pays	<u>1,044</u>
Recommended Decrease	<u>\$ (50,430)</u>

(E) Purchased Water Expense

Muhlenberg County reported test year purchased water expense of \$650,364. Based on normalized test year usage of 395,766,600 gallons and an allowable line loss of 15 percent, Staff recommends a decrease to test year expense, calculated as follows:

Normalized Test Year Usage	395,766,600 gallons
Add: Water Used by Company (per 1999 Annual Report)	<u>6,057,145 gallons</u>
Adjusted Test Year Usage	401,823,745 gallons
Adjust for allowable line loss of 15%	<u>0.85</u>
Allowable Purchased Water	472,733,818 gallons
Rate per 1,000 gallons	<u>\$ 1.2558</u>

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STAFF REPORT CASE NO. 99-417
STAFF'S RECOMMENDED OPERATIONS

Recommended Purchase Water Expense	\$ 593,659
Less Test Year Expense	<u>650,364</u>
Recommended Decrease	<u><u>\$ (56,705)</u></u>

(F) Insurance – General Liability & Vehicle

For the test period Muhlenberg County reported general liability and vehicle insurance of \$29,383. Subsequent to the test period, the district re-bid its insurance coverage and received a substantially lower rate of \$15,086.⁶ This results in a decrease to test year expense of \$14,297.

(G) Insurance – Workmen's Comp.

During the test year Muhlenberg County incurred workmen's compensation expenses of \$5,901. Based on the current invoices provided by Muhlenberg County in response to Item 3 of the Commission's June 30, 2000 Information Order, the premium in effect as of June 26, 2000 is in the amount of \$5,163. Therefore, Staff recommends a decrease to test year expense of \$738.

(H) Insurance – Other

Muhlenberg County did not report any other insurance expense for the test period. However, based on the current invoices provided by Muhlenberg County in response to Item 3 of the Commission's June 30, 2000 Information Order, the premiums in effect as of June 26, 2000 for various bonds total \$2,478. Accordingly, Staff has included other insurance expense of \$2,478 for ratemaking purposes.

⁶ Exhibit 14 of Muhlenberg County's Application and Muhlenberg County's response to Item 3 of the Commission's June 30, 2000 Information Order.

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STAFF'S RECOMMENDED OPERATIONS

(I) Amortization of Rate Case Expense

Muhlenberg County proposed to include the amortization of rate case expenses totaling \$12,000 over a period of three years.⁷ Staff concurs that this is an allowable and appropriate adjustment. The Commission generally allows an amortization period of three years because, ideally, a utility will file for a rate adjustment every three years. However, since Muhlenberg County has not filed for a general rate increase since 1985, it is Staff's opinion that the expense should be amortized over a period of five years. Accordingly, Staff has made an adjustment to include the annual amortization of rate case expense of \$2,400.⁸

(J) Miscellaneous Expense

Muhlenberg County reported test year miscellaneous expense of \$82,932. Included in this amount were expenses of \$619 for flowers and \$1,032 for the office Christmas party. These types of expenses are generally disallowed for ratemaking purposes since they are provided solely at the discretion of management and ratepayers receive no direct benefit from them. Therefore, Staff has made an adjustment to decrease test year expense by \$1,651.

Although no adjustment has been made it should be noted that test year miscellaneous expense should have been reported as 85,985. A year-end adjustment was made to decrease miscellaneous expense and increase taxes other than income tax expense for the PSC assessment of \$3,053. However, the assessment was

⁷ Exhibit 14 of Muhlenberg County's Application and Muhlenberg County's response to Item 12 of the Commission's June 30, 2000 Information Order

⁸ \$12,000 ÷ 5 years = \$2,400

ATTACHMENT B
STAFF REPORT CASE NO. 99-417
STAFF'S RECOMMENDED OPERATIONS

reported in the regulatory commission expense account. Therefore, for the test year, miscellaneous expense is understated by \$3,053 and taxes other than income tax expense is overstated by \$3,053, for a net effect of \$ -0-.

(K) Depreciation Expense

For the test period Muhlenberg County reported depreciation expense of \$286,932. After reviewing the depreciation schedule provided by Muhlenberg County, Staff determined that several items were fully depreciated as of December 31, 1999. Therefore, the annual depreciation expense associated with these items would no longer be incurred after the test year. As a result, Staff has made an adjustment to decrease test year expense by \$7,424 to eliminate non-recurring depreciation expense.

This adjustment was calculated as follows:

Date Placed In Service	Description	Cost Basis	Method	Prior Depreciation	1999 Expense	12/31/99 Accum. Dep.
Oct-89	File Cabinet	441.70	SL-10	407	35	442
Nov-89	Chairs/Office	778.44	SL-10	715	63	778
Nov-89	Ladder	119.95	SL-10	110	10	120
Apr-92	Lobby Chairs	586.63	SL-7	567	20	587
Jul-92	Computer System	10,791.00	SL-7	10,023	768	10,791
Dec-92	Tractor	4,000.00	SL-7	3,474	526	4,000
Dec-92	Micro Phone	77.00	SL-7	67	10	77
Feb-93	Desk Chair Computer	340.00	SL-7	290	49	339
Dec-93	Memory Board	350.00	SL-5	280	70	350
Aug-94	3 Cellular Phones	669.90	SL-5	592	78	670
Nov-94	Calculator	169.15	SL-5	142	27	169
1994	Miscellaneous Equip.	2,057.71	SL-5	1,765	292	2,057
Jun-95	1995 Chevy	21,294.57	SL-4	19,077	2,218	21,295
Jun-95	1995 Chevy S-10	10,007.00	SL-4	8,965	1,042	10,007
Sep-95	1995 Chevy Ton	11,180.00	SL-4	9,317	1,863	11,180
Nov-95	Truck Bed	1,625.00	SL-4	1,286	339	1,625
Feb-95	Sander	67.97	SL-5	54	14	68
		64,556.02		57,131	7,424	64,555

ATTACHMENT B
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STAFF'S RECOMMENDED OPERATIONS

(L) Taxes other than Income Tax Expense

Muhlenberg County reported test year taxes other than income tax expense of \$41,719. Based on Staff's recommended decrease to employee salaries and wages expense, a decrease of \$1,521 to taxes other than income tax expense is also recommended, calculated as follows:

Recommended Salaries & Wages Decrease	\$ 19,881
FICA Rate	<u>.0765</u>
Recommended Decrease	<u>\$ 1,521</u>

(L) Other Income – Interest

For the test year Muhlenberg County reported interest income of \$27,291. The funds on which most of this interest was earned were withdrawn subsequent to the test year for the purpose of paying capital expenditures and operating expenses.⁹ The district is required by its bond ordinance to maintain a depreciation reserve of at least \$128,400. Currently, these monies are in a \$120,000 certificate of deposit and a savings account with an average balance for the year 2000 of \$17,796. Based on these amounts and the applicable interest rates,¹⁰ Staff has determined normalized test year interest income to be \$6,952, calculated as follows:

\$120,000 CD @ 5.5%	6,600
Reserve Account - Avg. Balance* @ 1.98%	<u>352</u>
Estimated Interest Income	6,952
Less: Test Year Income	<u>27,291</u>
Recommended Decrease	<u>(20,339)</u>

⁹ Muhlenberg County's response to Item 17 of the Commission's August 18, 2000 Information Order.

¹⁰ Current interest rates were obtained from a customer service representative with Old National Bank.

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STAFF'S RECOMMENDED OPERATIONS

*Reserve Account - Average Balance

Bal. At 12/31/99	19,978.70
Bal. At 6/30/00	<u>15,613.21</u>
Average Balance	<u><u>17,795.96</u></u>

ATTACHMENT C
STAFF REPORT CASE NO. 99-512
STAFF'S RECOMMENDED REVENUE REQUIREMENT

Adjusted Operating Expenses	1,809,275
*Average Annual Debt Service	364,222
*Annual Debt Service Coverage	<u>72,844</u>
 Total Revenue Requirement	 2,246,341
 Less: Miscellaneous Operating Revenues	 66,220
Interest Income	<u>6,952</u>
 Recommended Revenue from Water Sales	 2,173,169
Less: Normalized Revenue from Water Sales	<u>1,864,129</u>
 Recommended Increase	 <u><u>309,040</u></u>
 Percentage Increase over Normalized Test Year Revenues from Water Sales	 <u><u>16.58%</u></u>

*Per Exhibit 13 of Application

ATTACHMENT D
STAFF REPORT CASE NO. 99-417
COST OF SERVICE STUDY DISCUSSION

In seeking to establish fair, just, and reasonable rates for a water utility, a sound analysis must be performed that reflects the actual cost of providing water service to each of the different customer classifications. That analysis must allocate the costs of providing water service among the customer classes commensurate with their service requirements so that the differences in costs of providing services to different types of customers is recognized. Therefore, to develop a proper rate schedule for Muhlenberg County, Commission Staff prepared a cost of service study based on the commodity demand methodology as set out in the American Water Works Association's ("AWWA") Manual M-1. This study recognizes that a utility must be prepared for meeting peak demand requirements as well as the average water use needs. In other words, a system must be sized to meet the demand of most small-usage customers that use very little water throughout the day, but place a tremendous burden on the system at peak times such as mornings and evenings. Most large-usage customers place a more consistent demand on the system by using a constant rate of water throughout the day and night. Therefore, those customers contribute less to a system's strain to meet peak demands.

Wholesale Rate: The first step in preparing the cost of service study was to determine the wholesale rate. Commission Staff determined the amount of water purchased and sold as shown on Sheet 1 of Attachment E. The district had plant use of 1.17% and a line loss of 22.46%. Next, the wholesale allocation factors are calculated. Those factors are used on Sheet 3 to allocate the district's operation and maintenance expenses between the wholesale customers and the retail customers. The allocation of expenses determined that \$112,070 of the district's \$2,173,169 revenue required from

ATTACHMENT D
STAFF REPORT CASE NO. 99-417
COST OF SERVICE STUDY DISCUSSION

rates should be collected from the wholesale rate. That \$112,070 is divided by wholesale sales of 48,150,000 gallons, which results in a wholesale rate of \$2.33.

Retail Rates: The total revenue required from rates is \$2,173,169 and \$112,070 of this amount is collected from sales to wholesale. The next step is to develop rates that will collect the remaining \$2,061,099 from the district's retail customers. The utility's expenses are analyzed and allocated according to three different classifications: Commodity, Demand, and Customer.

Commodity costs are those directly associated with the cost of water. The major expense in this classification is the amount paid to purchase water from the city of Central City. The only other commodity costs are purchased power and chemicals.

Demand costs are those associated with providing the facilities to meet the peak demands placed on the system. Demand costs consist of the salaries and other expenses associated with monitoring and maintaining these facilities.

Customer costs are those incurred to serve customers without regard to varying usage. These costs include the salaries and expenses associated with meter reading, billing, collections, accounting expenses, and the capital related costs associated with service lines and meters.

Sheet 6 of Attachment E shows the allocation of expenses to the functional cost components. Administrative and general expenses are allocated to the cost components based on the subtotal of all other expenses, excluding commodity costs. The allocation process results in \$580,031 in commodity costs, \$1,088,575 in demand costs, and \$393,493 in customer costs.

ATTACHMENT D
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COST OF SERVICE STUDY DISCUSSION

Sheet 7 of Attachment E shows the calculation of the district's retail water rates. Total commodity costs are allocated across the rate steps in accordance with usage percentages. Total demand costs are allocated across the rate steps in accordance with usage that has been adjusted to reflect the higher peak demands that are caused in the lower rate steps. Total customer costs are collected in the first rate step, or minimum bill, since those costs do not differ with varying usage.

The total for the first rate step is \$1,033,010 which is divided by the number of bills issued on an annual bases which calculates to a minimum bill of \$15.13 for the first 2,000 gallons. However, the rate for the minimum bill has been adjusted downward to \$15.05 to better correlate to the required revenue from rates. The totals for the remaining rate steps are each divided by the actual water usage for each rate step to calculate the remainder of the rates.

The full cost of service study for Muhlenberg County is included as Attachment E.

Cost of Service Study

Muhlenberg County Water District

Wholesale Rate Allocations	Sheet 1 - Sheet 2
Calculation of the Wholesale Rate	Sheet 3
Retail Rate Allocations	Sheet 4 - Sheet 6
Calculation of Retail Rates	Sheet 7
Verification of Recommended Rates	Sheet 8 - Sheet 9
Recommended Rates	Sheet 10
Rate Comparison Sheet	Sheet 11

TOTAL WATER PURCHASED AND SOLD
Muhlenberg County Water District

	Gallons	Percent
Sales to Retail	345,271,000	
Sales to Wholesale	48,150,000	
Total Water Produced and Purchased	515,786,300	
Total Sold	393,421,000	
Plant Use	6,057,145	1.17%
Line Loss	115,860,055	22.46%

WHOLESALE ALLOCATION FACTORS
Muhlenberg County Water District

		Multiplier
Plant Use Percentage	0.0117	
Line Loss Percentage	0.2246	
Plant Use and Line Loss	.0117 + .2246	0.2363
Muhlenberg Co Water Production Multiplier	1/1-.2363	1.3094
Wholesale Inch Mile Ratio	700/2779	0.2519
Wholesale Share of Line Loss	.2519 x .2246	0.0566
Joint Share of Plant Use & Line Loss	.0566 + .0117	0.0683
Production Multiplier	1/1-.0683	1.0733
Production Allocation Factor	$48,150,000/393,421,000 \times (1.0733/1.3094)$	0.1003
Pipeline Transmission Factor	$48,150,000/393,421,000 \times (.2519)$	0.0308

CALCULATION OF THE WHOLESALE RATE

Muhlenberg County Water District

	Total	Wholesale Allocation Factor	Wholesale	Muhlenberg County Retail Customers
Salaries				
Transmission/Distribution	264,441	0.0308	8,145	256,296
Customer Accounts	185,884	0.0000	0	185,884
Administrative/General	36,969	0.0308	1,139	35,830
Employee Pension/Benefits				
Transmission/Distribution	60,401	0.0308	1,860	58,541
Customer Accounts	42,458	0.0000	0	42,458
Administrative/General	8,444	0.0308	260	8,184
Purchased Water	593,659	0.1003	59,544	534,115
Purchased Power	41,404	0.1003	4,153	37,251
Chemicals	9,631	0.1003	966	8,665
Materials & Supplies	75,948	0.1003	7,618	68,330
Contractual Services	12,841	0.0308	396	12,445
Equipment Rental	1,885	0.0308	58	1,827
Transportation	26,820	0.0308	826	25,994
Insurance	22,727	0.0308	700	22,027
Bad Debt Expense	7,207	0.0000	0	7,207
Miscellaneous Expense	81,281	0.0308	2,503	78,778
Advertising Expense	1,116	0.0308	34	1,082
Rate Case Expense	2,400	0.0308	74	2,326
PSC Assessment	3,053	0.0308	94	2,959
Officer Salaries	11,000	0.0308	339	10,661
Total Operation/Maintenance	\$1,489,569		\$88,709	\$1,400,860
Taxes Other Than Income	40,198	0.0308	1,238	38,960
Depreciation:				
Supply & Treatment	7,891	0.1003	791	7,100
Transmission & Distribution	71,931	0.0308	2,215	69,716
Meters & Services	16,087	0.0000	0	16,087
Other	183,599	0.0308	5,655	177,944
Average Annual Debt Service	364,222	0.0308	11,218	353,004
Annual Debt Service Coverage	72,844	0.0308	2,244	70,600
Less: Interest Income	-6,952	0.0000	0	-6,952
Less: Other Operating Income	-66,220	0.0000	0	-66,220
Total - Utility Req Revenue	\$2,173,169		\$112,070	\$2,061,099
Calculated Rate			\$2.33	
Recommended Rate			\$2.33	

ALLOCATION OF PLANT VALUE
Muhlenberg County Water District

	Total	Commodity	Demand	Customer
Source of Supply & Pumping Plant:				
Land and Land Rights	27,152		27,152	
Structures and Improvement	315,080		315,080	
Pumping Equipment	230,607		230,607	
Transmission and Distribution Plant:				
Distribution Reservoirs & Standpipes	497,037		497,037	
Services	123,835			123,835
Water Mains	7,021,269		7,021,269	
Meters	962,359			962,359
Hydrants	39,893			39,893
Subtotal	9,217,232		8,091,145	1,126,087

ALLOCATION OF DEPRECIATION
Muhlenberg County Water District

	Total	Commodity	Demand	Customer
Supply & Treatment:				
Structures and Improvements	3,198		3,198	
Reservoirs and Standpipes	4,693		4,693	
Transmission & Distribution:				
Pumping Equipment	2,641		2,641	
Water Mains	69,290		69,290	
Meters & Services:				
Meters	15,934			15,934
Hydrants	153			153
Subtotal	95,909		79,822	16,087
Allocation Percentages	100.00%		83.23%	16.77%
Other:				
Other Plant and Misc. Equipment	7,691		6,401	1,290
General Plant	94,276		78,466	15,810
Other Tangible Plant	12,991		10,812	2,179
Office Furniture & Equipment	8,389		6,982	1,407
Transportation Equipment	39,949		33,250	6,699
Tools, Shop & Garage Equipment	6,067		5,050	1,017
Power Operated Equipment	14,236		11,849	2,387
Total	279,508		232,632	46,876
			83.23%	16.77%

SOURCE: Information filed in Case

ALLOCATION OF OPERATION AND MAINTENANCE EXPENSES

Muhlenberg County Water District

	Total	Commodity	Demand	Customer
Salaries				
Transmission/Distribution	\$256,296		\$256,296	
Customer Accounts	185,884			185,884
Employee Pension/Benefits				
Transmission/Distribution	58,541		58,541	
Customer Accounts	42,458			42,458
Purchased Water	534,115	534,115		
Purchased Power	37,251	37,251		
Chemicals	8,665	8,665		
Bad Debt Expense	7,207			7,207
Subtotal	1,130,417	580,031	314,837	235,549
Less Commodity	(580,031)			
Total	550,386		314,837	235,549
Percentages	100.00%		57.20%	42.80%
Administrative & General				
Salaries	35,830		20,495	15,335
Pensions & Benefits	8,184		4,681	3,503
Materials & Supplies	68,330		39,085	29,245
Contractual Services	12,445		7,119	5,326
Rents	1,827		1,045	782
Transportation	25,994		14,869	11,125
Insurance	22,027		12,599	9,428
Miscellaneous Expense	78,778		45,061	33,717
Advertising Expense	1,082		619	463
Rate Case Expense	2,326		1,330	996
PSC Assessment	2,959		1,693	1,266
Officer Salaries	10,661		6,098	4,563
Total Operation & Maintenance	1,400,860	580,031	469,531	351,298
Taxes Other Than Income	38,960		22,285	16,675
Depreciation:				
Supply & Treatment	7,100		7,100	
Transmission & Distribution	69,716		69,716	
Meters & Services	16,087			16,087
Other	177,944		148,103	29,841
Average Annual Debt Service	353,004		309,867	43,137
Annual Debt Service Coverage	70,600		61,973	8,627
Less: Interest Income	-6,952			-6,952
Less: Other Income	-66,220			-66,220
Retail Revenue Requirement	\$2,061,099	\$580,031	\$1,088,575	\$392,493
Wholesale Revenue	112,070			
Total Revenue Requirement	\$2,173,169			

CALCULATION OF RETAIL WATER RATES

Muhlenberg County Water District

	Total	First 2,000	Next 8,000	Next 10,000	Next 30,000	Over 50,000
Actual Water Sales:						
Thousand Gallons	345,271,000	118,445,000	145,677,000	15,122,000	13,973,000	52,054,000
	100.00%	34.305%	42.192%	4.380%	4.047%	15.076%
Weighted Sales for Demand:						
Demand Factors		2.00	1.75	1.50	1.25	1.00
Thousand Gallons	584,028,000	236,890,000	254,934,750	22,683,000	17,466,250	52,054,000
Percent	100.00%	40.561%	43.651%	3.884%	2.991%	8.913%
Allocation of Volumetric Costs:						
Commodity	\$580,031	\$198,980	\$244,727	\$25,405	\$23,474	\$87,445
Demand	\$1,088,575	441,537	475,174	42,280	32,559	97,025
Customer	\$392,493	392,493				
Total	\$2,061,099	\$1,033,010	\$719,901	\$67,685	\$56,033	\$184,470
Number of Bills						
		68,291				
Calculated Rates						
		\$15.13	\$4.94	\$4.48	\$4.01	\$3.54
Recommended Rates						
		\$15.05	\$4.94	\$4.48	\$4.01	\$3.54

VERIFICATION OF RATES
Muhlenberg County Water District

5/8 INCH METER

		BILLS	GALLONS	RATE	REVENUE
First	2,000	67,631	117,137,000	15.05	1,017,847
Next	8,000		141,811,000	4.94	700,546
Next	10,000		11,114,000	4.48	49,791
Next	30,000		4,504,000	4.01	18,061
Over	50,000		2,083,000	3.54	7,374
			276,649,000		1,793,618

1 INCH METER

		BILLS	GALLONS	RATE	REVENUE
First	5,000	279	1,053,000	29.87	8,334
Next	5,000		713,000	4.94	3,522
Next	10,000		985,000	4.48	4,413
Next	30,000		1,859,000	4.01	7,455
Over	50,000		3,679,000	3.54	13,024
			8,289,000		36,747

1 1/2 INCH METER

		BILLS	GALLONS	RATE	REVENUE
First	11,000	48	459,000	59.05	2,834
Next	9,000		203,000	4.48	909
Next	30,000		284,000	4.01	1,139
Over	50,000		1,000	3.54	4
			947,000		4,886

2 INCH METER

		BILLS	GALLONS	RATE	REVENUE
First	16,000	285	4,078,000	81.45	23,213
Next	4,000		959,000	4.48	4,296
Next	30,000		6,343,000	4.01	25,435
Over	50,000		39,971,000	3.54	141,497
			51,351,000		194,442

3 INCH METER

		BILLS	GALLONS	RATE	REVENUE
First	26,000	36	636,000	123.43	4,443
Next	24,000		576,000	4.01	2,310
Over	50,000		4,928,000	3.54	17,445
			6,140,000		24,198

VERIFICATION OF RATES
Muhlenberg County Water District

4 INCH METER		BILLS	GALLONS	RATE	REVENUE
First	36,000	12	385,000	163.53	1,962
Next	14,000		118,000	4.01	473
Over	50,000		1,392,000	3.54	4,928
			1,895,000		7,363

SUB-TOTALS		BILLS	GALLONS	REVENUE
Total Retail		68,291	345,271,000	2,061,256

WHOLESALE CUSTOMERS		BILLS	GALLONS	RATE	REVENUE
All Usage		24	48,150,000	2.33	112,190

		BILLS	GALLONS	REVENUE
RETAIL		68,291	345,271,000	2,061,256
WHOLESALE		24	48,150,000	112,190
GRAND TOTAL		68,315	393,421,000	2,173,445

Revenue Projected			2,173,445
Revenue Requirement			2,173,169
Difference			276
Percentage			0.01%

	<u>Current</u>	<u>District Proposed</u>	<u>PSC Staff Recommendation</u>
Average Residential Monthly Bill	\$26.05	\$32.67	\$29.87
(5,000 gallons usage)	n/a	25.41%	14.66%

RECOMMENDED RATES
Muhlenberg County Water District

Meter Size	Usage Block	Recommended Rates
5/8" X 3/4"	First 2,000 Gallons	15.05
	Next 8,000 Gallons	4.94
	Next 10,000 Gallons	4.48
	Next 30,000 Gallons	4.01
	Over 50,000 Gallons	3.54
1"	First 5,000 Gallons	29.87
	Next 5,000 Gallons	4.94
	Next 10,000 Gallons	4.48
	Next 30,000 Gallons	4.01
	Over 50,000 Gallons	3.54
1 1/2"	First 11,000 Gallons	59.05
	Next 9,000 Gallons	4.48
	Next 30,000 Gallons	4.01
	Over 50,000 Gallons	3.54
2"	First 16,000 Gallons	81.45
	Next 4,000 Gallons	4.48
	Next 30,000 Gallons	4.01
	Over 50,000 Gallons	3.54
3"	First 26,000 Gallons	123.43
	Next 24,000 Gallons	4.01
	Over 50,000 Gallons	3.54
4"	First 36,000 Gallons	163.53
	Next 14,000 Gallons	4.01
	Over 50,000 Gallons	3.54
Wholesale Rate		2.33

RATE COMPARISON
Muhlenberg County Water District

Meter Size	Usage Block	Current Rates	District's Proposal	Recommended Rates
5/8" X 3/4"	First 2,000 Gallons	10.96	13.74	15.05
	Next 8,000 Gallons	5.03	6.31	4.94
	Next 10,000 Gallons	4.43	5.56	4.48
	Next 30,000 Gallons	3.78	4.74	4.01
	Over 50,000 Gallons	2.88	3.62	3.54
1"	First 5,000 Gallons	26.05	32.67	29.87
	Next 5,000 Gallons	5.03	6.31	4.94
	Next 10,000 Gallons	4.43	5.56	4.48
	Next 30,000 Gallons	3.78	4.74	4.01
	Over 50,000 Gallons	2.88	3.62	3.54
1 1/2"	First 11,000 Gallons	55.63	69.78	59.05
	Next 9,000 Gallons	4.43	5.56	4.48
	Next 30,000 Gallons	3.78	4.74	4.01
	Over 50,000 Gallons	2.88	3.62	3.54
2"	First 16,000 Gallons	77.78	97.58	81.45
	Next 4,000 Gallons	4.43	5.56	4.48
	Next 30,000 Gallons	3.78	4.74	4.01
	Over 50,000 Gallons	2.88	3.62	3.54
3"	First 26,000 Gallons	118.18	148.26	123.43
	Next 24,000 Gallons	3.78	4.74	4.01
	Over 50,000 Gallons	2.88	3.62	3.54
4"	First 36,000 Gallons	155.98	195.66	163.53
	Next 14,000 Gallons	3.78	4.74	4.01
	Over 50,000 Gallons	2.88	3.62	3.54
Wholesale Rate		2.23	2.80	2.33

ATTACHMENT F
STAFF REPORT CASE NO. 99-417
RATE INDEXING DISCUSSION

In its application, Muhlenberg County asked for authorization to annually adjust rates each of the next three years in accordance with the Consumer Price Index for Urban Wage Earners and Clerical Workers ("CPI-W") as published by the U.S. Department of Labor's Bureau of Labor Statistics.

From 1995 through 1999, Muhlenberg County had a 27.32% increase in its operation and maintenance costs, going from \$1,536,829 in 1995 to \$1,956,744 in 1999. The following chart shows the breakdown for the increases each year:

<u>Year</u>	<u>Expenses</u>	<u>% Increase</u>
1995	1,536,829	n/a
1996	1,656,655	7.8%
1997	1,730,309	4.4%
1998	1,788,350	3.4%
1999	1,956,744	9.4%

It is apparent from the chart above that a rate indexing mechanism would have been beneficial to the district during the past five years. The district could have been implementing small annual rate increases that would help to partially cover the annual increases in the cost of supplying water. Instead, the district is in need of a rate increase that is significantly more than what would have been needed had Muhlenberg County been using rate indexing. By using rate indexing, the utility should be able to lengthen the amount of time between general rate case filings.

In addition to the savings associated with fewer rate case filings, Commission Staff also believes that rate indexing would benefit the customers of the district by having more frequent but smaller rate increases rather than less frequent but larger rate increases. While a rate indexing mechanism will never raise the funding necessary for

ATTACHMENT F
STAFF REPORT CASE NO. 99-417
RATE INDEXING DISCUSSION

large expansions of system facilities, it can keep the district financially viable during the times when no such projects are occurring. Providing procedures for a financially viable district to increase rates for rising costs from inflation will allow the utility to at best remain financially healthy for a longer period of time, and at worst reduce the amount of future rate increases.

There are several index factors that can be used to index water rates. The Florida Public Service Commission allows utilities to use the Gross Domestic Product Implicit Price Deflator ("GDP-IPD") while the Wisconsin Public Service Commission uses the aforementioned CPI-W. Another index to consider is the Consumer Price Index: U.S. city average; Water and Sewerage Maintenance ("CPI-WSM"). The percentages that a utility could have adjusted its rates are shown below for each of the three indices:

	<u>CPI-W</u>	<u>GDP-IPD</u>	<u>CPI-WSM</u>
1996	2.6 %	2.2%	2.9%
1997	2.9%	1.9%	3.3%
1998	2.1%	1.9%	4.0%
1999	1.3%	1.3%	3.0%
2000	2.4%	1.6%	1.9%

Muhlenberg County has requested to have the ability to rate index in accordance with the CPI-W. This index is the most recognized inflation index across the country and the one used for annual increases for social security checks. Muhlenberg County believes that using the CPI-W is better for its customers because this is the inflation index that would be most recognizable to its customer base. Commission Staff believes

ATTACHMENT F
STAFF REPORT CASE NO. 99-417
RATE INDEXING DISCUSSION

that Muhlenberg County should be allowed to use the CPI-W for a rate indexing mechanism.

Commission Staff recommends that Muhlenberg County should be permitted to adjust rates annually on a trial basis. If the district wishes to continue annual adjustments of rates through an indexing mechanism, it should be required to apply to the Commission for such authority at the end of the three-year period. Such a restriction would allow the Commission to closely monitor Muhlenberg County's operations and the corresponding relationship between the CPI-W and the district's expenses.

DAMON R. TALLEY, P.S.C.

112 N. LINCOLN BLVD.
P.O. BOX 150
HODGENVILLE, KENTUCKY 42748

TEL. (270) 358-3187
FAX (270) 358-9560

DAMON R. TALLEY

August 28, 2000

RECEIVED

AUG 31 2000

PUBLIC SERVICE
COMMISSION

ATTORNEY AT LAW

Mr. Thomas M. Dorman
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602


RE: Muhlenberg County Water District
Case No. 1999-512
(Rates -General)

Dear Mr. Dorman:

Enclosed for filing are the original and eight (8) copies of the Muhlenberg County Water District's Response to Item No. 1 of the Commission's June 30, 2000 Order. This information (Depreciation Schedule) was not available when the Water District's Response was filed on August 4, 2000.

Yours truly,

DAMON R. TALLEY, P.S.C.



DAMON R. TALLEY, ATTORNEY FOR
MUHLENBERG COUNTY WATER
DISTRICT

DRT:ln

Enclosures

cc: David Edward Spenard, Assistant Attorney General
Muhlenberg County Water District

DEPRECIATION SCHEDULE

Date	Description	COST BASIS		MTHS	PRIOR DEPRECIATION	1999 EXPENSE	DEC 31, 1999 ACCUMULATE	REMAINING BOOK BALANCE
8-78	Lawn mower	281.00	SL	5	281.00	-	281.00	-
6-79	"	135.00	SL	3	135.00	-	135.00	-
11-83	"	192.00	SL	3	192.00	-	192.00	-
11-85	Leak Detector	1133.00	SL	5	1133.00	-	1133.00	-
3-85	Pressure Recorder	192.00	SL	5	192.00	-	192.00	-
4-85	Metal Detector	180.00	SL	5	180.00	-	180.00	-
"	786 weed eater	301.00	SL	3	301.00	-	301.00	-
6-86	Yazoo Mower	850.00	SL	3	850.00	-	850.00	-
4-87	Air Compressor	405.00	SL	5	405.00	-	405.00	-
11-88	Equipment	4524.00	SL	5	4524.00	-	4524.00	-
Utility Plant								
1-69	Utility Plant	1019433.00	SL	50	61167.00	20389.00	632059.00	387374.00
1970	"	5719.00	SL	50	3217.00	114.00	3363.00	2356.00
1971	"	16285.00	SL	50	8965.00	326.00	9291.00	6794.00
1972	"	34421.00	SL	50	18232.00	658.00	18920.00	15501.00
1973	"	10500.00	SL	50	5355.00	210.00	5565.00	4935.00
1974	"	7500.00	SL	50	3675.00	150.00	3825.00	3675.00
1975	"	6500.00	SL	50	3120.00	130.00	3250.00	3250.00
1976	"	9265.00	SL	50	4163.00	185.00	4348.00	4917.00
1977	"	10805.00	SL	50	4766.00	216.00	4982.00	5823.00
1978	"	10000.00	SL	50	4200.00	200.00	4400.00	5600.00
1979	"	22400.00	SL	50	8960.00	448.00	9408.00	12992.00
1980	"	2849635.00	SL	50	1067667.00	5493.00	1123860.00	1685775.00
1981	"	61449.00	SL	50	22122.00	1229.00	23351.00	38098.00
1982	"	173424.00	SL	50	55488.00	3466.00	58954.00	114463.00
1983	"	246320.00	SL	50	78316.00	4726.00	83042.00	162578.00
1984	"	52500.00	SL	50	14700.00	1050.00	15750.00	3675.00
1985	"	1288.00	SL	50	364.00	26.00	390.00	898.00
1985	"	13875.00	SL	50	3607.50	277.50	3885.00	9990.00
1986	Transmision & Dist Mains	25836.00	SL	50	6721.00	517.00	7238.00	18598.00
"	Meters	13000.00	SL	50	3380.00	260.00	3640.00	9360.00
"	Meter Install.	3250.00	SL	50	815.00	65.00	910.00	2340.00
"	Hydrants	1100.00	SL	50	286.00	22.00	308.00	792.00
"	Easements	3100.00	SL	50	1326.00	102.00	1428.00	3672.00
1987	Graham Utility Pnt	79145.00	SL	50	18732.00	1583.00	20315.00	58830.00
3-87	Trans & Dist Main	41673.00	SL	50	9996.00	833.00	10829.00	30844.00
"	Meters	13860.00	SL	50	3324.00	277.00	3601.00	10259.00
"	Meter Install.	3564.00	SL	50	852.00	71.00	923.00	2641.00
"	Hydrants	4500.00	SL	50	1080.00	9.00	1170.00	333.00

Udc. Descriptions	COST BASIS	METHOD	PRIOR DEPRECIATION	1999 EXPENSE	DEC 31, 1999 ACCUMULATED	REMAINING BOOK VALUE
3-84 Ditch Witch	3800.00	SL	8	3800.00	3800.00	-
8-10-84 Ditchwitch Trencher	24600.00	SL	7	24600.00	24600.00	-
11-85 Forklift	617.00	SL	7	617.00	617.00	-
11-86 Used Trencher	5500.00	SL	7	5500.00	5500.00	-
1988 Boring Attach.	1847.00	SL	7	1847.00	1847.00	-
1988 Chair	1086.00	SL	7	1086.00	1086.00	-
2-19-89 Trencher Trailer	7046.00	SL	7	7046.00	7046.00	-
6-89 Mower	96.00	SL	3	96.00	96.00	-
11-89 Backhoe	24346.00	SL	7	24346.00	24346.00	-
OFFICE FURN. - EQUIP.						
7-68 Equipment	440.00	SL	10	440.00	440.00	-
1-73 Bookkeeping Machine	5898.00	SL	8	5898.00	5898.00	-
1977 Typewriter	572.00	SL	10	572.00	572.00	-
1977 Calculator	254.00	SL	10	254.00	254.00	-
1977 File	126.00	SL	10	126.00	126.00	-
10-78 Furniture	10652.00	SL	10	10652.00	10652.00	-
10-78 Burroughs Adding Machine	310.00	SL	10	310.00	310.00	-
10-78 Typewriter	884.00	SL	10	884.00	884.00	-
11-84 SAFE	240.00	SL	10	240.00	240.00	-
10-85 Computer	23017.00	SL	10	23017.00	23017.00	-
1-85 Calculator	160.00	SL	5	160.00	160.00	-
8-86 Time Clock	303.00	SL	5	303.00	303.00	-
3-86 Computer Int & Print	675.00	SL	5	675.00	675.00	-
3-86 Copy Machine	1255.00	SL	10	1255.00	1255.00	-
9-87 Typewriter	479.00	SL	10	479.00	479.00	-
7-87 Filing Cabinet	113.00	SL	10	113.00	113.00	-
11-87 Telephone	250.00	SL	10	250.00	250.00	-
10-87 Conference Chairs	1027.00	SL	5	1027.00	1027.00	-
1988 Computer Hardware	7089.00	SL	10	7089.00	7089.00	-
1988 Furniture	1953.00	SL	10	1953.00	1953.00	-
Communications Equip.						
7-67 2way Radio Equip	1942.00	SL	10	1942.00	1942.00	-
1-83 Motorola Equip	9260.00	SL	10	9260.00	9260.00	-
3-67 Radio Equip, BASE	10154.00	SL	10	10154.00	10154.00	-

Date	Description	COST BASIS	METHOD	5	4		DEC 31, 1979 ACCUMULATE	6	7
					PRIOR DEPRECIATION	1979 EXPENSE			
6-17-87	ANSWERING DEVICES COMM. PHONES	422.00	SL	5	422.00	—	422.00	1	—
1988	2 Radio's	400.00	SL	5	400.00	—	400.00	2	—
7-89	Radio For New Truck	844.50	SL	5	844.50	—	844.50	3	<50>
4-90	Answer Machine	216.31	SL	5	216.31	—	216.31	4	31
10-90	Radios	740.00	SL	5	740.00	—	740.00	5	—
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Date	Description	COST BASIS	METHOD		PRIOR DEPRECIATION	1999 EXPENSE	DEC. 31, 1999 ACCUMULATE	REMAINING BOOK VALUE
			SL	40				
1-78	Office Bldg.	1,104,800.00	SL	40	55,931.00	27,620.00	58,693.00	517,870.00
1-79	Addition to Bldg	299,800.00	SL	39	19,270.00	7,900.00	20,060.00	9,920.00
10-78	Fence	62,050.00	SL	10	62,050.00	-	62,050.00	-
1-83	Office Enclosure	24,740.00	SL	40	8,980.00	6,200.00	9,600.00	15,140.00
11-87	Garage Bldg.	258,180.00	SL	20	154,920.00	12,910.00	16,783.00	7,350.00
1-88	"	66,280.00	SL	20	34,410.00	3,310.00	37,720.00	26,560.00
1-88	Heater Office	32,580.00	SL	10	32,580.00	-	32,580.00	-
1-89	Garage Bldg. Add.	235,252.60	SL	20	117,600.00	11,760.00	12,936.00	105,892.60
11-90	Roof	629,000.00	SL	40	115,100.00	15,700.00	130,800.00	498,200.00
12-90	Bldg. Project	353,969.00	SL	40	61,600.00	8,800.00	70,400.00	283,569.00
5-91	Clinton Televis. Bldg.	235,000.00	SL	40	45,200.00	5,700.00	51,100.00	183,900.00
7-91	Pipe Storage Bldg.	168,512.00	SL	20	61,600.00	8,400.00	70,000.00	98,512.00
1-91	Office Improvements	163,548.00	SL	40	32,720.00	40,900.00	36,810.00	126,738.00
-- Transportation Equip								
10-79	Trailer	180,000.00	SL	4	180,000.00	-	180,000.00	-
7-84	Dump Truck Trailer (new)	250,000.00	SL	4	250,000.00	-	250,000.00	-
4-90	Truck / BED	30,130.00	SL	4	30,130.00	-	30,130.00	-
7-90	1991 Ford Ranger/BED	80,997.50	SL	4	81,000.00	-	81,000.00	< 25 >
						64,980.00		

Date	Description	COST BASIS	18711000		ACCR. DEPRECIATION	1999 EXPENSE	DEC. 31, 1999 ACCUMULATE	REMAINING BOOK VALUE
			SL	SO				
1989	Line Extensions	1161215	SL	50	23200	23200	255200	966015
1989	Meters	846478	SL	50	196900	17900	214800	681678
1989	Meter Installations	253800	SL	50	51000	5100	56100	197700
1989	Hydrants	268192	SL	50	51000	5400	59400	208792
1989	1987 Addition	208150716	SL	50	41630000	4163000	45793000	162357716
1990	Electric Pumping	1238900	SL	50	557100	61900	619000	619900
1991	1991 Additions	2166049	SL	50	346400	43300	389700	1776349
Miscellaneous Equip								
3-91	Saw	88100	SL	5	88100	-	88100	-
8-91	Tools	8219	SL	5	8300	-	8300	19
10-91	Vise	20763	SL	5	20800	-	20800	<27>
10-91	Shop Vac	6999	SL	5	7000	-	7000	<01>
10-91	Drill Tools	19500	SL	5	19500	-	19500	-
11-91	Squeeze off Tools	29400	SL	5	29400	-	29400	-
12-91	Amber Flash Light	11337	SL	5	11300	-	11300	37
Power Operated Equip								
3-91	Digging Attachment	370000	SL	7	370000	-	370000	-
Office Furniture - Equip								
3-79	Desk + Chair - Garage	47335	SL	10	46200	1100	47300	35
6-89	Night Deposit Box	207489	SL	25	19500	8300	37800	119689
6-89	File Cabinet	44170	SL	10	40700	3500	44200	<30>
11-89	Chairs / Office	77844	SL	10	71500	6300	77800	44
2-90	Chairs	62500	SL	10	56100	6300	62400	180
10-90	Copier	256000	SL	7	256000	-	256000	-
6-90	Computer	2541139	SL	7	2541100	-	2541100	39
Misc. Equipment								
1-89	Tools	69176	SL	5	69200	-	69200	24
2-89	Air Compressor	46515	SL	5	46500	-	46500	15
3-89	Ice Maker	90000	SL	5	90000	-	90000	-
"	Air Compressor	102163	SL	5	102200	-	102200	<27>
11-89	Tools	31549	SL	5	31500	-	31500	19
"	Air C. Station	26871	SL	5	26900	-	26900	<29>
5-89	Tools	80548	SL	5	88500	-	88500	48
6-89	Tools	67380	SL	5	67400	-	67400	<22>
✓	Tool Boxes	311626	SL	10	30600	1000	31600	26

Date	Description	COST BASIS	METHOD	PRIOR DEPRECIATION	1999 EXPENSE	DEC 31, 1999 ACCUMULATE	REMAINING BOOK VALUE
	OFFICE BUIL. Garage						
1-92	Garage Shelves	24536	SL	20	8400	1200	9600
7-92	Shup Improve	31472	SL	20	10100	1600	12000
6-92	Garage Improve	255016	SL	20	84200	12800	97000
11-92	New Distribution Line	332982	SL	50	41300	6700	48000
1992	Meters	562400	SL	10	365300	56200	421500
1992	Meter Installations	689087	SL	10	447900	68900	516800
3-92	Hydrom's	109761	SL	50	15000	2200	17200
	OFFICE Furn. Fixtures						
1-92	Vacuum Cleaner	18400	SL	5	18400	-	18400
2-92	Frame for Print	6140	SL	10	4200	600	4800
4-92	Lobby chairs	58663	SL	7	56700	2000	58700
7-92	Computer System	1079100	SL	7	1002300	76800	1079100
	Transportation						
7-92	1992 Ford Truck	880400	SL	4	880400	-	880400
12-92	1993 Chevy S-10	1069500	SL	4	1067500	-	1067500
	Power Operated Equip.						
12-92	Tractor JD 3110C	400000	SL	7	347100	52600	400000
12-92	Micro phone	7700	SL	5	6700	1000	7700

Date	Description	COST BASIS		METHOD	YR	PRIOR DEPRECIATION	1999 EXPENSE	DEC 31, 1999 ACCUMULATE	REMAINING BOOK VALUE
8-31	Nelson Creek Pump	1171	13	SL	20	31900	5900	37800	79613
1993	Meters	6761	50	SL	10	405600	67600	473200	202950
1993	Meter Installations	9009	71	SL	10	516000	91000	637000	263971
OFFICE BUILDING/GARAGE									
2-28-93	Shop Improvements	895	95	SL	20	26600	4500	31100	58495
OFFICE FURN./EQUIP.									
2-28-93	Desk chair Computer	340	00	SL	7	2900	4900	33900	100
5-30-93	OFFICE FILING Cabinet	500	00	SL	10	28300	5000	33300	16700
5-31-93	Desk	100	00	SL	10	5400	1000	6400	3600
	Phones	368	00	SL	7	28700	5300	34000	2800
7-30-93	Chair - Larry's office	239	99	SL	7	18100	3400	21500	2499
12-31-93	486 Board for Computer	209	700	SL	5	209700	-	209700	-
12-93	Memory Board	350	00	SL	5	28000	2000	35000	-
Transportation Equip.									
2-28-93	Tool Box, Bed mat	694	85	SL	4	67500	-	67500	<15>
5-30-93	Tool Boxes	499	00	SL	4	49900	-	49900	-
6-30-93	1993 Chevy S-10	1072	300	SL	4	1072300	-	1072300	-
	Tool Box, Mat	350	75	SL	4	35100	-	35100	<25>
10-31-93	Tool Box	375	40	SL	4	37500	-	37500	40
Power Operated Equip.									
6-30-93	Front End Loader attach	2650	00	SL	7	208100	37900	246200	18700
Transmission/Dist. Mains									
11-93	TVA Project	701	968	SL	58	7370484	1403900	8774384	61422505
8-93	Forrest Oak Ext.	285	670	SL	50	3094559	571300	3665859	24901186
1993	1993 Additions	111	852	SL	50	142201	23700	1165904	1019914

1	2	3	4	5	6	7
Date	Description	COST BASIS	METHOD	PRIOR DEPRECIATION	1993 EXPENSE	DEC 31, 1993 ACCUMULATE
	Communication Equip.					
1-31-93	Mirco phone-Telemetry	5800	SL	7	4800	800
3-31-93	Nelson Creek Telemetry	6050.00	SL	10	3529.00	6050.00
6-30-93	Radio - 1993 S10	581.00	SL	7	457.00	83.00
12-31-93	Nelson Creek Antenna	293.40	SL	7	213.00	42.00
12-31-93	Radios - Nelson, TVA	1403.60	SL	7	1022.00	201.00
	Miscellaneous Equipment					
1-31-93	Heat Gun	77.95	SL	5	78.00	78.00
	Reel Light	69.99	SL	5	70.00	70.00
	Cellular Phone	568.89	SL	5	567.00	567.00
2-28-93	Tool Mag Base	123.75	SL	5	124.00	124.00
3-31-93	Transfer Punch	42.30	SL	5	42.00	42.00
3-31-93	Drill Press	79.00	SL	5	79.00	79.00
3-31-93	Threader Taper Shank	32.60	SL	5	32.00	32.00
	Shell Cutter	47.86	SL	5	48.00	48.00
4-30-93	Paint Sprayer	266.17	SL	5	266.00	266.00
1-3-93	Stencil Cutter	50.00	SL	5	50.00	50.00
4-30-93	Still Saw	268.30	SL	5	268.00	268.00
6-30-93	Ice Maker	2300.00	SL	5	2300.00	2300.00
6-30-93	Submersible Pump	645.00	SL	5	645.00	645.00
7-31-93	2" Water Pump Honda	379.00	SL	5	379.00	379.00
8-31-93	Concrete Mixer 75 Grind	174.00	SL	5	174.00	174.00
7-30-93	Echo Mower	379.00	SL	5	379.00	379.00
9-30-93	Tools For Truck	71.29	SL	5	71.00	71.00
9-30-93	Repair Clamp Wrenches	110.06	SL	5	110.00	110.00
9-30-93	Pressure Recorder	331.25	SL	5	331.00	331.00
10-31-93	2 Cellular Phones - J. Spurlin	459.90	SL	5	460.00	460.00
10-31-93	Search Light	62.00	SL	5	62.00	62.00
10-31-93	Drinking Fountain	509.44	SL	5	509.00	509.00
11-30-93	Speed Hammer Drill	43.81	SL	5	44.00	44.00
					23263.00	

REMAINING BOOK VALUE

Date	Description	COST BASIS	METHOD		PRIOR DEPRECIATION	1999 EXPENSE	DEC. 31, 1999 ACCUMULATE	REMAINING BOOK VALUE
			SL	SO				
STRUCTURES / IMPROVEMENTS								
11-94	TVA Power Plant	497,829	SL	SO	10000	10000	50000	447829
	TELEMETRY Bldg	659110	SL	SO	66000	13200	79200	579910
OFFICE Building / Garage								
6-94	Furnace	344283	SL	7	225500	19200	274700	69583
	✓ Tile - Front	42055	SL	20	9600	2100	11700	30355
	8-94 Awning	90000	SL	20	19900	4500	24400	65600
Transmission Maint.								
1994		1073167	SL	SO	107500	21500	129000	944467
Meters								
1994		623700	SL	10	312000	62400	374400	249300
Meter Installations								
1994		829206	SL	10	414500	82900	497400	331806
OFFICE FURN / EQUIP								
2-94	Coffee Cart	3997	SL	7	1100	900	5300	697
7-94	Fax Machine	82795	SL	5	74700	16600	91300	8505
7-94	Telephone System	537535	SL	7	345600	76800	422400	115135
8-94	3 cellular Phones	66990	SL	5	59200	7800	67000	< 12 >
11-94	Calculator	16915	SL	5	14200	2700	116900	15
Communication Equip								
12-94	W. Key Radio	19000	SL	7	11000	2700	13700	5300
2-94	Telemetry Boards	452525	SL	7	317700	64600	382300	70225
11-94	Radios AT Nelson Pumps	62316	SL	7	37100	8900	46000	16316

Date	Description	COST BASIS	METHOD	PRIOR DEPRECIATION	1997 EXPENSE	DEL 31, 1996 ACCUMULATE	REMAINING BOOK VALUE
Structures & Improvements							
4-95	Nelson Creek Pump Sta	15000.00	SL	50	1125.00	3000.00	14250.00
OFFICE BLDG / Garage							
10-95	Truck Garage	34272.40	SL	20	5210.00	1714.00	7284.00
1-95	Garage Heater	916.40	SL	10	368.00	72.00	460.00
10-95	Sewer Line	5819.97	SL	40	471.00	145.00	616.00
11-95	Bathroom Tile	1487.61	SL	10	472.00	147.00	621.00
12-95	Grease Pit	2451.22	SL	20	379.00	123.00	502.00
Pumping Equip.							
4-95	Nelson Creek Pump Sta	24984.04	SL	20	5257.00	1317.00	6408.00
Transmission & Dist. Mains							
1995	Additions	10591.58	SL	50	848.00	212.00	1060.00
1995	181 More	45523.61	SL	50	3185.00	710.00	4095.00
Meters							
1995	Additions	6730.50	SL	10	2672.00	673.00	3365.00
Meter Installations							
1995	Additions	10218.63	SL	10	4088.00	1022.00	5110.00
OFFICE FURN/EQUIP.							
3-95	Xerox Copier	5155.00	SL	5	375.00	1031.00	4183.00
4-95	Answering Machine	599.60	SL	5	12.00	12.00	575.60
5-95	3 chairs	384.00	SL	7	280.00	55.00	257.00
6-95	chair	128.00	SL	7	65.00	18.00	83.00
8-95	Larry Desk Computer	1884.00	SL	5	122.00	377.00	1602.00
11-95	Calculator - Bldg	129.60	SL	5	82.00	26.00	108.00
Transportation Equip.							
6-95	1995 Chevy 4x4 Larry	21294.57	SL	4	1907.00	2215.00	21275.00
	1995 Chevy S-10	10007.00	SL	4	896.50	1042.00	10007.00
9-95	1995 Chevy Ton	11150.00	SL	4	931.70	1863.00	11180.00
11-95	Truck Bed	1625.00	SL	4	1286.00	339.00	1625.00

Date	Description	COST BASIS	METHOD	Prior DEPRECIATION	1999 EXPENSE	DEC 31, 1999 ACCUMULATE	REMAINING BOOK VALUE	
6-95	Power Operator Equip 1620 Tractor-Access.	115,348.03	SL	7	5,905.00	16,480.00	7,550.00	398,103
Communication Equipment								
2-95	Telemetry at Nelson	7,541.15	SL	7	4,222.00	1,078.00	5,300.00	22,415
✓	Radio Interference Device	275.75	SL	7	153.00	39.00	192.00	837.5
✓	Cellular Phone	2,548.66	SL	5	200.00	51.00	2,510.00	386
3-95	"	2,199.5	SL	5	169.00	44.00	2,130.00	695
4-95	Antenna	1,500.00	SL	7	79.00	2,100.00	1,202.00	500.00
5-95	Telemetry Base Card	11,063.33	SL	7	5,199.00	1,580.00	7,370.00	369.33
6-95	Larry James Radios	13,160.00	SL	5	943.00	263.00	1,206.00	11,000
6-95	Pump Station Telemetry	36,445.00	SL	7	186.00	52.00	23,800.00	12,445
10-95	"	228,700.00	SL	7	10,630.00	3,270.00	13,900.00	89,700
Miscellaneous Equipment								
2-28-95	Dust Collector for Sander	2,920.00	SL	5	228.00	58.00	2,860.00	600
2-28-95	Sander	679.7	SL	5	54.00	14.00	2,800.00	<03>
7-28-95	Mill Machine Parts	5,198.88	SL	5	407.00	104.00	5,110.00	888
2-28-95	Tool Box for Truck	339.90	SL	7	188.00	48.00	236.00	1,039.00
2-28-95	Lincoln welder	11,979.2	SL	7	6,700.00	171.00	8,410.00	3,569.2
3-31-95	Goose neck Trailer	3,993.00	SL	7	2,185.00	570.00	2,755.00	1,238.00
3-31-95	Hoist, Press Flow Jack Portable	800.06	SL	7	437.00	114.00	551.00	2,490.00
3-31-95	Drum Equip for Intc Forces	1,499.9	SL	5	153.00	40.00	1,930.00	679
3-31-95	Plain Grip Wrench	59.00	SL	5	46.00	12.00	58.00	100
13095	Lights for Trucks	17,997	SL	5	132.00	36.00	1,680.00	11,97
43095	H. H. Scanner	9,987	SL	5	73.00	20.00	930.00	687
6-30-95	Boring Machine	5,679.00	SL	7	2,906.00	811.00	3,717.00	1,962.00
6-30-95	Weed Eater	1,139.95	SL	3	1,400.00	—	1,400.00	<01>
7-31-95	Sand Blaster	2,124.5	SL	7	1,050.00	300.00	1,350.00	774.5
1-31-95	Tool Box	2,965	SL	7	1,470.00	420.00	1,890.00	1,079.5
7-3-95	Bush Hog	525.00	SL	7	250.00	75.00	325.00	2,000
10-31-95	Special Wrenches	3,389.5	SL	7	1,560.00	48.00	2,040.00	1,349.5
10-31-95	Pipe Locator	9,450	SL	7	450.00	140.00	570.00	3,550
11-30-95	Strobe Lights	239.96	SL	7	108.00	34.00	142.00	9,796
11-30-95	Pipe Locator	2,196.46	SL	7	994.00	314.00	1,808.00	3,884.6
10-31-95	DISK	4,590.00	SL	7	2,030.00	600.00	2,690.00	1,900.00
2-31-95	Vacuum Cleaner	17,000	SL	5	10,500	3,400	13,900	3,100
12-31-95	Handheld Device Ram Pats	8,458.00	SL	5	5,210.00	1,690.00	6,900.00	1,558.00
					20,175.00			

1KWD

1996

PREPARED BY DATE

REVIEWED BY WORK

PAGE 16 OF 22

Date	Description	COST BASIS	METHOD	PRIOR DEPRECIATED	1999 EXPENSE	DEC 31, 1999 ACCUMULATE	REMAINING BOOK VALUE
	OFFICE Bldg. GARAGE Shop Improvements	1109629	SL 20	138700	55500	194200	915429
1996	Transmission & Mains Additions	3471959	SL 50	174500	69800	244300	3247659
1996	Distribution & Standpipe Additions - Dunbar Tank	3307500	SL 40	206700	82700	289400	3018100
"	" " Powderby Tank	1320000	SL 40	82500	33000	115500	1204500
1996	Meters Additions	604940	SL 10	156200	62500	218700	406240
1996	Meter Installations Additions	825016	SL 10	206300	82500	288800	536216
7-96	Office Furn. / Fixtures Couch / chair Larry's off.	150000	SL 7	49900	21400	71300	78700
6-96	Transportation Equip. 1997 Ford Trucel	1519300	SL 4	981200	379800	1361000	158300
7-96	Power Operated Equip. Riding Mower	444914	SL 5	107500	185700	292600	152314
7-96	Communication Equip. Telemetry Transducer	11455	SL 5	6500	22300	87300	24155
8-96	Radio Mike	10800	SL 5	5300	2200	7500	3300

Date	Description	COST BASIS	METHOD	PRIOR DEPRECIATED	1999 EXPENSE	DEC. 31, 1999 ACCUMULATE	REMAINING BOOK VALUE
8-97	OFFICE Building Shop Air Conditioner	47700	SL	7	9600	6800	31300
1997	Meter Installations	1167218	SL	10	233400	1116700	817118
1997	Meters	787472	SL	10	157400	78700	551372
1997	Transmission/Distributions	1518961	SL	10	60800	30400	1427761
1-97	OFFICE Furniture & Equip. File Cabinet	16178	SL	10	3200	1600	11378
4-97	Computer Software	30900	SL	5	10800	6200	13900
1-97	Transportation Equip. Truck Radio	14992	SL	5	6000	3000	5992
3-97	1997 Ford Ranger	1130000	SL	4	517900	282500	329600
12-97	1998 Dodge Dakota	1063085	SL	4	286700	265800	510385
1-97	Communication Equip. Answer Machine/Spalin	5999	SL	5	2400	1200	2399
4-97	Laptop Computer	412742	SL	5	144400	82500	185842
10-97	Cell Phone	5990	SL	5	1500	1200	3290
11-97	ID Caller	26987	SL	5	6300	5400	15287
1-97	Miscellaneous Equip. Jack For Shop	82500	SL	10	16600	8300	57600
2-97	Lockers, File, chair	33250	SL	7	9200	4800	19250
2-97	Tiller	155000	SL	5	59400	31000	64600
3-97	Shop Coffee Maker	6999	SL	5	2600	1400	2999
3-97	Stepladder	13099	SL	7	3500	1700	7699
3-97	2. Sump Pumps	31150	SL	5	11600	6300	13650
7-97	AIR Compressor	95560	SL	7	20500	13700	61360
9-97	Fire Extinguisher	11400	SL	7	2100	1600	7700
10-97	Lawn Trimmer	41095	SL	5	10300	8200	22595
					957200		

Date	Description	COST BASIS	METHOD	PRIOR DEPRECIATED	1999 EXPENSE	DEC. 31, 1999 ACCUMULATE	REMAINING BOOK VALUE
3-98	OFFICE BUILDING, Garage Gas Tanks, Pad	1328751	SL 20	554	664	121800	1206951
3-98	Carver Booster Pump	29369	SL 7	35	42	7700	21669
2-98	Office Equip.	4987	SL 5	7	10	1900	3087
3-98	Software	10000	SL 5	17	20	3700	6300
7-98	Larry's Printer	29800	SL 5	30	60	9000	20800
11-98	Computer	1518000	SL 5	506	3036	354200	1163800
3-98	Power Operated Equip. Trencher/ATTACH.	4450300	SL 7	4923	6358	1128100	3322200
	✓ BACKHOE UPGRADE	2799671	SL 7	595	4000	459500	2340171
2-98	Communication Equip. Telem Modem	57500	SL 5	105	115	22000	35500
4-98	Telem Equip.	21732	SL 5	42	55	9700	18032
5-98	New Truck Radio	135400	SL 5	181	271	45200	90200
6-98	Power Supply	11100	SL 5	13	22	3500	7668
11-98	Outdoor Telem.	750000	SL 5	1500	1500	300000	450000
2-98	Miscellaneous Equip. Cordless Drill	14977	SL 5	36	39	7500	11977
2-98	Pressure Meter	53101	SL 5	97	106	22300	32807
4-98	Pipe Cutter	35800	SL 5	48	72	12000	23800
5-98	Tiller	50500	SL 5	79	119	19800	35700
6-98	Veget Drill	17088	SL 5	20	34	5400	11688
	✓ Work Light	6050	SL 5	7	12	1900	4150
10-98	Pressure Recorder	96385	SL 5	48	193	24100	72285
11-98	Puc Drill	31576	SL 5	11	63	7400	24176
12-98	Weedcater	32906	SL 5	5	66	7100	25806

Date	Description	COST BASIS	NETW. (!)	PRIOR DEPRECIATION	1999 EXPENSE	DEC. 31, 1999 ACCUMULATE	REMAINING BOOK VALUE
1978	TRANS. MAINS Line Additions	2691842	SL 50	538	538	107600	2584242
1998	METERS ADDITIONS	958672	SL 10	959	959	191800	766872
1998	METER INSTALLATIONS ADDITIONS	1438051	SL 10	1438	1438	287600	1150451
3-98	TRANS. PORTATION EQUIP. Interstate Trailer	5000.00	SL 7	595	714	130900	369100
3-98	Trencher Trailer	31100.00	SL 7	369	443	81200	228800
4-98	1998 Dodge Dakota	13255.00	SL 4	2485	3314	579900	745600
6-98	1998 Dodge Dakota	13255.00	SL 4	1933	3314	524700	800800
5-98	1998 Dodge Dakota	9470.00	SL 4	1578	2368	374000	552400
1978	Structure & Improve Dunmor Pump Station	133109.46	SL 50	2662	2662	532400	12778546
1978	DISTRIBUTIONS/stand pipe Dunmor Tank	176800.00	SL 50	3536	3536	707200	16972800
					36143		

DATE	DESCRIPTION	COST BASIS	METHOD	PRIOR DEPRECIATION	1999 EXPENSE	DEC. 31, 1999 ACCUMULATE	REMAINING BOOK VALUE
	STRUCTURES : IMPROVEMENTS						
10-97	TWIN TUNNEL BUILDING	828,885	SL 50	-	400	400	821,885
2-97	OFFICE BLD / GARAGE	485,317.00	SL 20	-	2,224.00	2,224.00	463,277.00
4-97	PUMPING EQUIPMENT						
4-97	TWIN TUNNEL PUMP	533,701	SL 7	-	572.00	572.00	476,501
1999	TRANSMISSION MAINS EXTENSIONS	523,582	SL 50	-	1,050.00	1,050.00	513,082
1997	METER ADDITIONS	122,812.7	SL 10	-	1,228.00	1,228.00	110,532.7
1999	METER INSTALLATIONS	142,632.6	SL 10	-	1,626.00	1,626.00	146,372.6
2-97	OFFICE FURNITURE						
2-97	DRIVE THRU SPEAKER	925.00	SL 10	-	85.00	85.00	840.00
3-97	COMPUTER	378,000	SL 5	-	63,000.00	63,000.00	315,000
4-97	CABINETS / DESKS	140,770	SL 20	-	4,690.00	4,690.00	136,080
6-97	SOFTWARE	56,000	SL 5	-	6,500.00	6,500.00	49,500
7-97	PRINTER	15,577	SL 5	-	1,600.00	1,600.00	13,977
7-97	OFFICE BLINDS	29,182	SL 7	-	2,100.00	2,100.00	27,082
2-97	TRANSPORTATION EQUIPMENT						
2-97	99 DUMP TRUCK	584,000	SL 4	-	13,383.00	13,383.00	450,170
2-97	99 FORD RANGER	131,930	SL 4	-	3,023.00	3,023.00	101,700
2-97	99 FORD F-150	177,000	SL 4	-	4,056.00	4,056.00	136,440
3-97	HOOK / DUMP TRUCK	11,000	SL 4	-	23.00	23.00	87.00
3-97	COMMUNICATION EQUIPMENT						
3-97	CELL PHONE	699.5	SL 5	-	100.00	100.00	599.5
5-97	RADIO MODEM	718.00	SL 5	-	122.00	122.00	796.00
8-97	INTERNET FEE	6,000	SL 5	-	500.00	500.00	5,500
12-97	CELL PHONES	866.79	SL 5	-	1,400.00	1,100.00	852.79

DAMON R. TALLEY, P.S.C.

112 N. LINCOLN BLVD.
P.O. BOX 150
HODGENVILLE, KENTUCKY 42748

TEL. (270) 358-3187
FAX (270) 358-9560

DAMON R. TALLEY

ATTORNEY AT LAW

August 31, 2000

Mr. Thomas M. Dorman
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

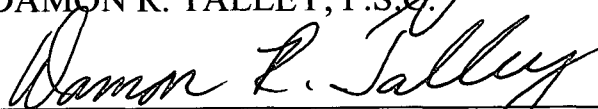
RECEIVED
AUG 31 2000
PUBLIC SERVICE
COMMISSION

RE: Muhlenberg County Water District
Case No. 1999-512
(Rates -General)

Dear Mr. Dorman:

Enclosed for filing are the original and eight (8) copies of the Muhlenberg County Water District's Response to the Commission Staff's Second Set of Interrogatories and Request for Production of Documents.

Yours truly,
DAMON R. TALLEY, P.S.C.


DAMON R. TALLEY, ATTORNEY FOR
MUHLENBERG COUNTY WATER
DISTRICT

DRT:ln

Enclosures

cc: David Edward Spenard, Assistant Attorney General
Muhlenberg County Water District

RECEIVED

AUG 31 2000

COMMONWEALTH OF KENTUCKY

PUBLIC SERVICE
COMMISSION

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

THE APPLICATION OF MUHLENBERG COUNTY)	
WATER DISTRICT FOR A GENERAL RATE)	CASE NO. 1999-512
ADJUSTMENT PURSUANT TO THE PROVISIONS)	HISTORIC TEST
OF KRS 278.030 and 807 KAR 5:001.)	YEAR UTILIZED

*** ** *** ** *** ** *** ** ***

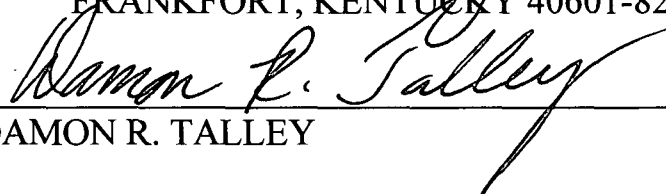
**MUHLENBERG COUNTY WATER DISTRICT'S
RESPONSE TO THE COMMISSION STAFF'S
AUGUST 18, 2000 INFORMATION REQUEST**

Comes the MUHLENBERG COUNTY WATER DISTRICT (hereinafter referred to as the "District"), and for its Response to the Commission Staff's Second Set of Interrogatories and Request for Production of Documents (the "August 18, 2000 Information Request"), states as shown on the following pages:

CERTIFICATE OF SERVICE

31st This is to certify that I have mailed a true copy of the attached Response this day of AUGUST, 2000 to the following:

DAVID EDWARD SPENARD
ASSISTANT ATTORNEY GENERAL
1024 CAPITAL CENTER DRIVE
FRANKFORT, KENTUCKY 40601-8204



DAMON R. TALLEY

Q1. Provide a schedule that shows Muhlenberg District's operating expenses by component for each year from 1995 through 1999. This schedule should use the components that are listed in Exhibit 14 of Muhlenberg District's Application.

RESPONSE: See attached Schedule 1.

WITNESS: Charles R. Lewis, C.P.A.
Rebecca Wright, Office Manager/Bookkeeper, MCWD

HISTORICAL COMPARISON OF REVENUES AND EXPENSES

	1999	1998	1997	1996	1995
OPERATING REVENUES					
Water Sales	1,859,853	1,775,294	\$1,781,603	1,694,558	1,651,028
Other Operating Revenues	66,220	56,114	58,346	51,344	47,553
Total Operating Revenues	1,926,073	1,831,408	1,839,949	1,745,902	1,698,581
OPERATING EXPENSES					
Salaries & Wages - Employees	507,175	441,731	400,974	393,963	376,272
Salaries & Wages - Officers	10,700	11,000	11,000	11,000	11,000
Employee Pensions & Benefits	161,733	136,944	108,160	120,066	120,533
Purchased Water	650,364	606,928	606,440	527,547	476,260
Purchased Power	41,404	39,233	44,835	38,982	38,492
Chemicals	9,631	8,824	6,830	7,072	6,580
Materials & Supplies	75,948	95,117	102,691	113,421	51,901
Contractual Services - Eng	2,895	2,971	13,172	21,872	29,787
Contractual Services - Acct.	4,990	4,990	4,990	4,990	9,900
Contractual Services - Legal	4,956	5,600	4,800	4,800	4,800
Rental of Equipment	1,885	2,258	1,386	509	2,840
Transportation Expenses	26,820	29,439	25,515	20,212	20,629
Insurance - Gen. Liability & Vehicles	29,383	25,122	26,864	20,571	28,037
Insurance - Work Comp.	5,901	6,074	5,370	7,822	9,002
Insurance - Other	-00-	-00-	-00-	-00-	-00-
Advertising Expense	1,116	644	821	642	673
Amort. Of Rate Case Expense	-00-	-00-	-00-	-00-	-00-
Regulatory Comm. Expense	**	**	**	**	**
Bad Debt Expense	7,207	6,378	5,052	7,099	6,188
Miscellaneous Expense	85,985	57,985	77,653	76,534	74,170
TOTAL O & M Expense	1,628,093	1,481,238	1,446,553	1,377,102	1,267,064
Depreciation Expense	286,932	268,930	249,731	246,111	237,783
Taxes Other Than Income	41,719	38,182	34,025	33,442	31,982
Total Operating Expense	1,956,744	1,788,350	1,730,309	1,656,655	1,536,829
NET OPERATING INCOME	(30,671.)	43,058	109,640	89,247	161,752
OTHER INCOME (EXPENSE)					
Interest Income	27,291	35,556	48,177	50,088	63,781
INCOME AVAILABLE TO SERVICE DEBT	(\$3,380.)	78,614	157,817	139,335	225,533

NOTE: Regulatory Commission Expense is included in the "Taxes Other Than Income" category

Q2. Provide documentary evidence that the Muhlenberg County Judge/Executive has approved Muhlenberg District's employment of Damon R. Talley as legal counsel for this administrative proceeding.

RESPONSE: See attached letter from the Muhlenberg County Judge/Executive.

WITNESS: Joe Holland, Chairm, MCWD
Tommy Woodruff, Superintendent, MCWD



Rodney Kirtley

Muhlenberg County Judge Executive

P. O. Box 137 • Greenville, Kentucky 42345
(502) 338-2520 • Fax (502) 338-6116

August 25, 2000

Mr. Joe Holland, Chairman
Muhlenberg County Water District
P. O. Box 348
Greenville, KY 42345

RE: Employment of Damon R. Talley

Dear Chairman Holland:

I am aware that the Muhlenberg County Water District's attorney, Brent Yonts, cannot represent the Water District in proceedings before the Kentucky Public Service Commission because he is a member of the Kentucky General Assembly.

Pursuant to KRS 74.030, I hereby ratify and approve the decision of the Water District to employ Mr. Damon R. Talley to represent the Water District in all proceedings before the PSC, including the rate increase case. This approval is retroactive to May 21, 1999 which is the date the Water District hired Mr. Talley.

It is my understanding that Mr. Talley will be paid from Water District funds and not from County funds.

Sincerely,


Rodney K. Kirtley
Muhlenberg County Judge Executive

RKK/lm

Q3. Refer to Muhlenberg District's Response to Commission Staff's First set of Interrogatories and Requests for Information, Item 6 and 8. Muhlenberg County Fiscal Court has established \$3,600 as the level of annual compensation for Muhlenberg District's commissioners. When the cost of water service provided to Muhlenberg District's commissioners is considered, total compensation exceeds \$3,600. How is this level of compensation, which is in excess of \$3,600, consistent with KRS 74.020(6)?

RESPONSE: KRS 74.020(6) places a limit on the "salary" to be received by the commissioners. It is silent as to any "benefits" that the commissioners may receive, such as free water service. KRS 278.170(2) allows utilities, with prior PSC approval, to grant free service to its commissioners. The free service is a "benefit" and is not subject to the "salary" cap imposed by KRS 74.020(6). The PSC approved the free water service "benefit" for Muhlenberg District's commissioners on August 8, 1985. A copy of the PSC approved tariff is attached.

WITNESS: Damon R. Talley, Attorney



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

August 8, 1985

James Spurlin, Chairman
Mulenberg County Water District #3
P.O. Box 67
Bremen, KY 42325

RE: Tariff Filing Concerning Free Water to Commissioners

Dear Mr. Spurlin:

The above referenced tariff filing has been received and reviewed without objection. An accepted copy is enclosed for your files.

Please be advised that any usage resulting from free service would be included in the rate making process if and when it arises.

Sincerely,

John Geoghegan
Public Utility Rate Analyst

JG/lad

Enclosure

Muhlenberg County Water District
Greenville, Kentucky 42345

P.S.C. Ky. No. _____

Sheet No. 1 of _____

Cancelling P.S.C. Ky. No. _____

Sheet No. _____

RULES AND REGULATIONS

**AMENDMENT TO TARIFF SHEET OF
MUHLENBERG COUNTY WATER DISTRICT**

Effective the date of approval by the Public Service Commission for the Commonwealth of Kentucky pursuant to KRS 278.170(2), the three (3) commissioners of the Muhlenberg County Water District will be authorized to receive free water for as long as they are commissioners of the Muhlenberg County Water District. The free water shall be in addition to the salary provided for by KRS 74.020(5).

The above amendment to the tariffs of the Muhlenberg County Water District was approved at a regular commission meeting on the 13 day of May, 1985.

MUHLENBERG COUNTY WATER DISTRICT

BY:

James C. Spurlin
JAMES SPURLIN, CHAIRMAN

ATTEST:

Kenneth Galyen
KENNETH GALYEN, SECRETARY

PUBLIC SERVICE COMMISSION

KENTUCKY

OFFICE

FRANKFORT, KY

J. Geoghegan

DATE OF ISSUE May 13 1985

Month Day Year

DATE EFFECTIVE *See note below

Month Day

ISSUED BY

James C. Spurlin
Name of Officer

Title

Address

*Date effective - date when stamp of approval obtained from Public Service Commission issued by Muhlenberg County Water District

Q4. Refer to Muhlenberg District's Application, Exhibit 14 at 2. As Muhlenberg District's last application for rate adjustment was filed in 1986, explain why Muhlenberg District's rate case expense should be amortized over 3 years instead of a longer period.

RESPONSE: The PSC staff has amortized rate case expenses over 3 years in each and every rate case in which the undersigned attorney has represented a water utility. Therefore, the undersigned attorney assumed that the PSC's longstanding policy and standard practice was to amortize rate case expenses over three (3) years. If the PSC staff deems it more appropriate, however, to amortize the rate case expense in this case over five (5) or seven (7) years, Muhlenberg District will not object.

WITNESS: Damon R. Talley, Attorney

Q5. a. Provide all studies, analysis, and reports that Muhlenberg District has conducted or commissioned regarding the construction of additional water distribution or treatment facilities.

b. For each study provided, state the name and position of the preparer.

RESPONSE: No such studies exist. Representatives of Muhlenberg District and its consultants have had preliminary meetings and conversations with Division of Water personnel and PSC Staff during the past few years. Muhlenberg District left those meetings with the impression that neither the DOW nor the PSC would approve the construction of another small water treatment plant in the Muhlenberg County area. Therefore, the Muhlenberg District did not incur the expense of having an engineer prepare a formal, detailed feasibility study. The prevalent "regionalization and consolidation" philosophy that exists in Frankfort has dashed Muhlenberg District's hope and dream of constructing its own water treatment plant.

WITNESS: Joe Henry, GRW Engineers, Inc.
Joe Holland, Chairman, MCWD

Q6. a. Does Muhlenberg District expect to engage in any major construction project within the next 5 years? For purposes of this interrogatory, "major construction project" is a projection that requires the issuance of long-term indebtedness or represents 10 percent or more of Muhlenberg District's net utility plant.

b. If yes, describe each of these projects.

RESPONSE: Muhlenberg District has several construction projects which it needs to undertake within the next five (5) years. The cost and description of each of these projects are contained in the attached schedule which was prepared by GRW Engineers, Inc. The District is considering and exploring various funding sources at the present time.

WITNESS: Tommy Woodruff, Superintendent, MCWD
Joe Henry, GRW Engineers, Inc.

**PROPOSED FUTURE PROJECTS
 MUHLENBERG COUNTY WATER DISTRICT
 SEPTEMBER 1999**

COPY

<u>PROJECT DESCRIPTION</u>	<u>TOTAL PROJECT COST</u>	<u>ANNUAL COST (25 yr. @ 6%)</u>
New Powderly P.S.	\$ 245,000.	\$ 19,167.
New Cleaton P.S. & 8" Water Main (U.S. 431)	\$ 260,000.	\$ 20,340.
16" Main - Powd. Tank to US 62 (Includes Road Bore)	\$ 98,820.	\$ 7,731.
0.5 MG Elevated Tank - Beech Ck.	\$ 715,000.	\$ 55,935.
Beech Ck. P.S. Renovation	\$ 70,000.	\$ 5,476.
Annual Tank Painting Fund		\$ 30,000.
 TOTAL CAPITAL CONST.	 \$1,388,820.	
 TOTAL ANNUAL COST		 \$138,649.

Q7. Provide all studies, analysis, and reports that Muhlenberg District has conducted or commissioned that contain projections of Muhlenberg District's future operating expenses.

RESPONSE: No such studies have been conducted or commissioned.

WITNESS: Rebecca Wright, MCWD
Tommy Woodruff, MCWD

Q8. Identify the persons who researched and prepared Muhlenberg District's automatic adjustment mechanism.

RESPONSE: Damon R. Talley

WITNESS: Damon R. Talley

Q9. Identify the publications, reference materials, and other sources that Muhlenberg District consulted in developing its automatic adjustment mechanism.

RESPONSE:

1. Information presented by former PSC Chairperson B.J. Helton and PSC staff members at an informal conference held on January 29, 1999.
2. Speeches given before various groups such as KRWA by Chairperson Helton and other PSC Staff members;
3. Presentations made by PSC Staff at Water Commissioner Training Seminars conducted by the PSC in November, 1999;
4. Information obtained from the Social Security Administration's website regarding automatic cost-of-living adjustments;
5. Information reviewed on various other websites; and
6. Other general background information.

WITNESS: Damon R. Talley

Q10. Refer to Muhlenberg District's Response to Commission Staff's First Set of Interrogatories and Requests for Information, Item 29.

a. Has Muhlenberg District prepared a tariff sheet for the proposed automatic adjustment mechanism?

b. If no, state when Muhlenberg District expects to complete the preparation of such tariff sheet.

RESPONSE:

a. No.

b. The Muhlenberg District is re-evaluating its request to annually adjust rates in light of the Attorney General's objection and since the District will probably have to raise rates again within the next three (3) years to finance the cost of constructing major improvements (see answer to Question No. 6). If the Muhlenberg District is required to prepare a tariff sheet, it will do so prior to October 27, 2000, which is the deadline for answering all requests for production of documents.

WITNESS: Tommy Woodruff, MCWD
Damon R. Talley, Attorney

Q11. a. Identify the state utility regulatory commissions that have authorized an automatic adjustment mechanism based upon the Consumer Price Index for Urban Wager Earners and Clerical Workers ("CPI-W") for a water utility.

b. For each state utility regulatory commission identified above, provide a copy of that commission's order or opinion authorizing such mechanism. If the order or opinion is published in Public Reports, a citation to this order may be provided instead.

RESPONSE: The undersigned has not yet researched this question.

WITNESS: Damon R. Talley, Attorney

Q12. Is it Muhlenberg District's position that the CPI-W is more accurate and more reflective of changes in the cost of producing water than the Gross Domestic Product Implicit Price Deflator ("GDP-IPD") Index? Explain.

RESPONSE: Yes. See answer to Question No. 10. An explanation will be furnished before October 27, 2000.

WITNESS: Damon R. Talley, Attorney

Q13. Refer to Interrogatory no. 14, note 2. For each of the following, provide the method by which each was paid, including but not limited to cash payment or secured financing.

- a. Describe the need and basis for an increase of \$15,158 for office furniture.
- b. Describe the need and basis for an increase in value of vehicles of \$100,460.
- c. Provide a description of every building construction or improvement that resulted in the increase of \$49,472.

RESPONSE: All expenditures were paid for with cash. No debt was incurred.

- a. Office furniture and equipment, which is an asset account (Acct. #340), increased because of the purchase of computer equipment, cabinets and desks for various offices, a printer, computer software, and other items listed in the General Ledger, Account #340.
- b. The District purchased three (3) new vehicles in 1999 to replace a portion of its aging fleet of vehicles. The total purchase price for all three (3) vehicles was \$89,293. The dump truck cost \$58,400. (It replaced a 1969 dump truck that was later sold). The Ford Ranger pick-up cost \$13,193 and the Ford F-150 pick-up cost \$17,700.

The balance of the increase in the category "vehicles and equipment" is composed of various items of telemetry and communication equipment (Acct. #346) and miscellaneous equipment (Acct. #347) as shown in the General Ledger and reviewed by the PSC staff during their Field Review on August 25, 2000.

The purchase of the vehicles and equipment was reasonable and necessary in order for the District to engage in the business of providing water service to the persons residing in its service area.

- c. The District's office building, purchased in 1978, was completely renovated and remodeled in 1999 for approximately \$49,000. PSC staff members who visited Muhlenberg District's office building prior to the renovation can testify to the need for the renovation. The Office building was not handicap accessible; the drive-through window leaked and was no longer functional; the front door and some of the windows leaked; the carpet had to be replaced throughout the building; the reception area and lobby area was too small to accommodate customers; there was only one payment window inside the office; and there were several other deficiencies that needed correcting. The renovation eliminated these deficiencies and made the office more functional. The carpet was replaced with tile throughout the building.

Note: All the expenditures for the office furniture and equipment, vehicles and equipment, and office building renovation were capitalized in accordance with generally accepted accounting principles and PSC regulations.

WITNESS: Rebecca Wright, MCWD
Charles R. Lewis, CPA

Q14. Please explain the increases in the following expenses:

- a. Administrative and General
- b. Transmission and Distribution
- c. Source of Supply

RESPONSE:

- a&b. General increase in operating expenses such as health insurance, liability insurance and overtime. There were no wage increases and no new positions were created.
- c. The District's wholesale water supplier increased the wholesale rate.

WITNESS: Rebecca Wright, MCWD
Charles R. Lewis, CPA

Q15. Please refer to your response to Interrogatory no. 14, Note 5, pg. 15.

List the lawsuits pending against the District, include description of legal issue and amount at issue.

RESPONSE: There were no lawsuits pending against the District on December 31, 1999, and there are no lawsuits pending against the District at the present time. After researching this matter, it appears that the District's accountant has included the same "boiler plate" language regarding lawsuits in each year's audit report since 1995, or earlier.

WITNESS: Brent Yonts, Attorney
Damon R. Talley, Attorney

Q16. Please refer to your response to Interrogatory no. 16. Explain why you have not prepared a cost-of-service study in relation to this application.

RESPONSE: Muhlenberg District is not aware of any statute, case law, administrative regulation, or published PSC policy which requires a water utility to incur the expense of preparing a cost-of-service study in a general rate case where the wholesale customers have not intervened.

WITNESS: Damon R. Talley, Attorney

Q17. Please refer to the documents attached in your response to Interrogatory no. 34. Explain why the District voted to withdraw the following amounts from certificates of deposit at the corresponding Board of Commissioners' meetings and the purpose of that withdrawal.

- a. \$100,000 at December 28, 1998 meeting.
- b. \$90,000 at March 22, 1999 meeting.
- c. \$120,000 at July 26, 1999 meeting.

RESPONSE: The District needed these funds to pay for capital expenditures (replacement vehicles and office remodeling) and operating expenses. Incidentally, at the July 26, 1999 meeting the commissioners did **not** vote to redeem its \$120,000 certificate of deposit. Instead, the commissioners voted to withdraw only those funds **in excess of \$120,000**. The actual amount withdrawn was \$31,596.04.

WITNESS: Rebecca Wright, MCWD

Q18. Please refer to your response to Interrogatory no. 2 and provide the following:

- a. A list of job duties for each current employee.
- b. A schedule that sets forth the overtime hours worked by each employee from January 1, 2000 through July 31, 2000.
- c. Are the overtime hours worked during 1999 representative of the amount of overtime your employees work during a normal year?
- d. At what pay rate are employees who are "on call" compensated for "on call" duty.

RESPONSE:

- a. Job Duties - see attached **Schedule 18a**.
- b. Overtime Hours - see attached **Schedule 18b**.
- c. The overtime hours worked in 1999 are not representative of the amount of overtime worked during a normal year. See **Schedule 18c** which is attached hereto. Muhlenberg District believes that the sum of \$33,118 shown in **Schedule 18c** is more representative of the overtime worked in a normal year.
- d. "On call." Certain employees alternate "on call" duty. "On call" duty is for seven (7) consecutive nights (including 24 hours per day on Saturdays, Sundays and holidays). The "on call" employee is paid a flat rate of \$50. per week for the weeks he or she is "on call" to respond to water line breaks and other system emergencies.

Another employee is designated as the standby or "back-up on call" employee during each 7 day period. The "back-up on call" employee must be available in the event the "on call" employee needs assistance or more than one emergency occurs at the same time. The "back-up on call" employee is paid a flat rate of \$25 per week for the weeks he or she is on "back-up on call" duty.

Both the "on call" and "back-up on call" employee are paid overtime for the time they actually spend responding to line breaks and other system emergencies.

WITNESS: Rebecca Wright, MCWD
Tommy Woodruff, MCWD

JOB TITLES & DUTIES

The Muhlenberg County Water District does not have a written Personnel Policy Manual which sets forth a detailed list of job duties for each job title. This schedule lists the job titles, identifies the name of the employee or employees with each job title, and summarizes the general duties associated with each job title.

JOB TITLE	PRIMARY DUTIES
Superintendent Tommy Woodruff	Serves as the Chief Executive Officer of the District; executes policies adopted by the Board of Commissioners; recommends policy changes to commissioners; liaison with public officials and governmental agencies; responsible for employee discipline;
Assistant Superintendent-Operations Carl Jackson	Plans line upgrades, line extensions and line relocations; works with consulting engineer; works with contractors and developers; reviews work orders, assigns work orders to appropriate personnel and schedules work to be done; coordinates and schedules new meter installations; coordinates leak detection work and line repairs; schedules installation of short line extensions and general maintenance; keeps system maps updated; supervises certain employees;

Assistant Superintendent-Distribution James Hill	Supervises transmission and distribution employees; responsible for compliance with Safe Drinking Water regulations and DOW requirements; serves as distribution system operator; completes and files Monthly Operating Reports; responsible for taking chlorine, bacteria and other required water samples; supervises installation of short line extensions, new meter installations and line relocations; supervises all work crews; serves as foreman; generally responsible for seeing that work is timely performed after it has been planned and scheduled by the other Assistant Superintendent;
Office Manager/Bookkeeper Rebecca Wright	Supervises office clerical personnel; performs all bookkeeping functions and duties; performs all payroll duties; maintains all employee and personnel files; prepares all withholding and tax reports; serves as recording secretary for Board of Commissioners meetings; performs other duties associated with the office manager job;
Equipment Operator Jeff Spurlin	Operates backhoe, trencher and other equipment used in installation and maintenance of water lines and meters;
Electrician/Maintenance Keith Peterson	Performs all electrical maintenance work; responsible for telemetry equipment; performs tank and pump maintenance;
Mechanic Ralph Edwards	Responsible for maintaining all trucks and construction equipment in proper working order;
Meter Tester/Inventory Clerk Rita West	Certified meter tester; tests water meters; maintains meter test history required by PSC; maintains inventory records for meters, parts and materials;

Meter Readers Kurt Sarnecke Jeri Blair Nace Creager Rock L. McDonald	Read meters; turn off and pull meters for nonpayment of bills; perform re-reads of meters; perform other general labor and maintenance work;
Work Orders Bronner Edwards	Performs miscellaneous work orders including re-reading meters, repairing meter box lids and meter boxes; verifies leaks and makes minor leak repairs; reads master meters; re-installs meters that have been pulled for nonpayment; installs meters for new customers; performs other general labor work;
Line Locator Anthony Kirby	Locates water lines for contractors and other utilities that are planning excavations; performs some work orders as needed; performs general labor work;
General Laborers Paul Douglas Kenneth Sparks	Perform general labor work;
Office Clerks Patti Hancock Lola Sue Vincent Ronda Hearld Doris Uzzle (Part-time)	Wait on customers; collect money from customers who pay by mail and in person; record payments; download information from hand held meter reading devices; upload information into hand held devices; prepare and mail monthly bills to customers; complete and process applications for new meter services; collect meter deposits and tap fees; generate work orders; generate and mail second notice to delinquent customers; prepare list of customers to be disconnected for nonpayment; perform other general clerical duties.

TERMINAL NUMBER: A
 RUN DATE: 07/24/00

MUHLENBERG COUNTY WATER DISTRICT

OVERTIME AND SICK PAY REPORT

EMPLOYEE TYPES: H = HOURLY S = SALARY

EMPL #	NAME	EMP TYP	HOME DEPT-#	-----MONTH-TO-DATE-----			-----QUARTER-TO-DATE-----			-----YEAR-TO-DATE-----		
				OVRTIME HRS	SICK HRS	SICK PAY	OVRTIME HRS	SICK HRS	SICK PAY	OVRTIME HRS	SICK HRS	SICK PAY
0002	HILL, JAMES	S	602 -1	.00	36.00	534.60	.00	52.00	772.20	.00	52.00	772.20
0003	JACKSON, CARL	S	602 -1	.00	.00	.00	.00	196.00	2,910.60	.00	196.00	2,910.60
0004	EDWARDS, BRONNER	H	601 -1	39.25	.00	.00	63.75	100.00	1,064.00	63.75	100.00	1,064.00
0005	TOMMY WOODRUFF	S	601 -8	.00	24.00	396.00	.00	28.00	462.00	.00	28.00	462.00
0006	KIRBY, ANTHONY	H	601 -1	9.00	24.00	255.36	48.00	96.00	1,021.44	48.00	96.00	1,021.44
0007	KURT ALLEN SARNECKE	H	601 -1	44.00	20.00	212.80	125.25	48.00	510.72	125.25	48.00	510.72
0008	HANCOCK, PATRICIA E.	H	600 -7	.50	20.00	174.00	2.25	60.00	522.00	2.25	60.00	522.00
0009	KENNETH SPARKS	H	601 -1	21.00	28.00	297.92	62.75	60.00	638.40	62.75	60.00	638.40
0010	SPURLIN, JEFF	H	601 -1	54.75	16.00	170.24	158.25	44.00	468.16	158.25	44.00	468.16
0011	UZZLE, DORIS	H	600 -7	.25	.00	.00	.25	.00	.00	.25	.00	.00
0012	REBECCA WRIGHT	H	602 -8	.00	16.00	185.76	.00	48.00	557.28	.00	48.00	557.28
0013	VINCENT, LOLA SUE	H	600 -7	1.50	.00	.00	4.75	56.00	487.20	4.75	56.00	487.20
0014	MCDONALD, ROCK L.	H	601 -1	.00	16.00	170.24	43.50	68.00	723.52	43.50	68.00	723.52
0015	JERI M BLAIR	H	601 -1	12.25	20.00	212.80	30.25	96.00	1,021.44	30.25	96.00	1,021.44
0016	WEST, RITA	H	601 -1	7.25	4.00	42.56	68.25	96.00	1,021.44	68.25	96.00	1,021.44
0017	PAUL HOWARD DOUGLAS	H	601 -1	25.00	192.00	2,042.88	113.50	216.00	2,298.24	113.50	216.00	2,298.24
0018	WILLIAM N CREAGER	H	601 -1	21.50	.00	.00	104.00	96.00	1,021.44	104.00	96.00	1,021.44
0019	ADRIAN KEITH PETERSON	H	601 -1	22.75	64.00	744.96	97.25	84.00	977.76	97.25	84.00	977.76
0021	RALPH G EDWARDS	H	601 -1	28.50	4.00	46.56	33.00	28.00	325.92	33.00	28.00	325.92
0022	RONDA HEARLD	H	600 -7	3.00	.00	.00	5.00	4.00	34.80	5.00	4.00	34.80
GRAND TOTALS:				290.50		5,486.68		1,476.00		960.00		16,838.56
					484.00		960.00		16,838.56		1,476.00	
AVERAGES:				14.53	24.20	274.33	48.00	73.80	841.93	48.00	73.80	841.93

HISTORICAL COMPARISON OF OVERTIME WAGES

<u>YEAR</u>	<u>AMOUNT</u>
1996	\$36,247.
1997	30,141.
1998	35,088.
1999	46,250. (actual)
1999	38,073. (adjusted) (see Note 1)
2000	17,359. (actual thru 8/31/00)
2000	26,039. (annualized) (see Note 2)

Average (1996-2000) \$33,118 (See Note 3)

Note 1: The overtime for 1999 was unusually high because two (2) District employees (Keith Peterson and Kurt Sarnecke) performed the electrical portion of the office remodeling work after hours. The District estimates that the 1999 overtime pay should be reduced by \$8,177 because of the overtime expense incurred for the office remodeling work. The adjusted overtime for 1999 should be \$38,073 (\$46,250 less \$8,177).

Note 2: $\$17,359 \text{ for } 8 \text{ months} \div 8 \times 12 = \$26,039.$

Note 3: The five (5) year average was computed using the actual overtime wages paid in 1996, 1997 and 1998, the adjusted amount for 1999 and the annualized amount for 2000.

Q19. Provide your justification for paying the superintendent, assistant superintendent and office manager \$50.00 for their appearance at a Board of Commissioners meeting.

RESPONSE: On March 9, 1987 the commissioners decided to require the office manager, who also serves as the bookkeeper, to attend all Board of Commissioners meetings and to designate her as the recording secretary. In lieu of paying her overtime, she is paid a lump sum fee of \$50. per meeting.

On November 24, 1997 the commissioners decided to pay the superintendent and both assistant superintendents \$50 each for attending the board meetings in lieu of giving them a salary increase. When the current superintendent was hired in June, 1999, he was told he would be paid \$50 per meeting for attending board meetings and that he would receive the same weekly salary as the prior superintendent.

Having the superintendent, office manager/bookkeeper and both assistant superintendents attend all board meetings enables the District to timely respond to customer complaints and inquiries made at board meetings. The input provided by these employees at the board meetings is very valuable to the commissioners. (It should be noted that each assistant superintendent has different areas of responsibility).

WITNESS: Rebecca Wright, MCWD
Joe Holland, Chairman, MCWD

Q20. Please refer to your response to Interrogatory no. 5b. Provide further explanation and justification for providing family health coverage at no cost to some employees when employees carrying only single coverage are not equally compensated for health coverage.

RESPONSE: The District pays 100% of the cost of the health insurance premiums for all full time employees. This is a benefit and is not part of the employee's hourly wage or salary. This was a business decision made by the Board of Commissioners several years ago. The commissioners are aware that not all employers pay 100% of the cost of family health insurance. Some employers pay only a portion of the cost of the insurance premiums; some pay 100% of the single coverage; and some do not pay for any health insurance coverage whatsoever.

The District commissioners have been advised by legal counsel and by the Department for Local Government that the District's current practice is legal and is within the sound discretion of the commissioners. As long as the District treats all similarly situated employees the same, then the District is on sound legal ground. For example, the District must treat all single employees the same; it must treat all married employees with children the same; it must treat all married employees without children the same; and it must treat all single employees with children the same. There is no discrimination as long as each member of each particular employee

classification receives the same benefits as all other members of that same classification.

Since health insurance is a benefit and not part of the employee's hourly wage or salary, there is no legal requirement that the District pay a single employee the difference between the cost of family coverage and single coverage.

WITNESS: Joe Holland, Chairman, MCWD
Brent Yonts, Attorney
Damon Talley, Attorney

This 31st day of AUGUST, 2000.

Respectfully submitted,

DAMON R. TALLEY, P.S.C.



**DAMON R. TALLEY, ATTORNEY FOR
MUHLENBERG COUNTY WATER
DISTRICT**

P. O. BOX 150

112 N. LINCOLN BLVD.

HODGENVILLE, KY 42748

(270) 358-3187 FAX (270) 358-9560

VERIFICATION

The foregoing Responses are true and correct to the best of my knowledge and belief.

MUHLENBERG COUNTY WATER DISTRICT

BY: Tommy Woodruff
TOMMY WOODRUFF, SUPERINTENDENT

STATE OF KENTUCKY

COUNTY OF MUHLENBERG

The foregoing verification was subscribed and sworn to before me this 30th day of AUGUST, 2000 by **TOMMY WOODRUFF**, in his capacity as Superintendent of **MUHLENBERG COUNTY WATER DISTRICT**.

Damon L. Talley
NOTARY PUBLIC, STATE AT LARGE

MY COMMISSION EXPIRES: 6-9-2003

Aug 22

Commonwealth of Kentucky
Before the Public Service Commission

FILED

AUG 22 2000

PUBLIC SERVICE
COMMISSION

In the Matter of:)
THE APPLICATION OF MUHLENBERG COUNTY)
WATER DISTRICT FOR A GENERAL RATE)
ADJUSTMENT PURSUANT TO THE PROVISIONS)
OF KRS 278.030 AND 807 KAR 5:001)

PSC Case No. 1999-512

NOTICE REGARDING DISCOVERY

and

NOTICE OF OBJECTION

Comes now the Attorney General, through his Office of Rate Intervention, to provide the following notices concerning this case. Currently, the Office of the Attorney General has no plans to submit any data requests in this case. Further, the Attorney General objects to the District's request in the Application for authorization to annually adjust rates in accordance with a price index.

The Attorney General provides these notices in order to facilitate the disposition of this case. The provision of the Notice of Objection is solely to alert the Commission, Commission Staff, and the Applicant regarding this position. The Attorney General reserves the right to brief or otherwise comprehensively present this position at a subsequent stage in this proceeding.

WHEREFORE, the Attorney General provides Notice Regarding Discovery and Notice of Objection.

Respectfully submitted,

A. B. CHANDLER III
ATTORNEY GENERAL

David Edward Spenard
David Edward Spenard
Assistant Attorney General
1024 Capital Center Drive
Frankfort, KY 40601-8204
502.696.5457

Certificate of Service and Filing

Counsel certifies that an original and ten photocopies of this Notice Regarding Discovery and Notice of Objection were served and filed by hand delivery to Thomas M. Dorman, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601; furthermore, it was served by mailing a true and correct copy of the same, first class postage prepaid, to Tommy Woodruff, Muhlenberg County Water District, P.O. Box 348, Greenville, Kentucky 42345 and Damon R. Talley, P.O. Box 150, Hodgenville, Kentucky 42748 all on this 22nd day of August, 2000.

David Edward Spenard
Assistant Attorney General

DAMON R. TALLEY, P.S.C.

112 N. LINCOLN BLVD.
P.O. BOX 150
HODGENVILLE, KENTUCKY 42748

TEL. (270) 358-3187
FAX (270) 358-9560

DAMON R. TALLEY

ATTORNEY AT LAW

August 3, 2000

Mr. Martin J. Huelsmann
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

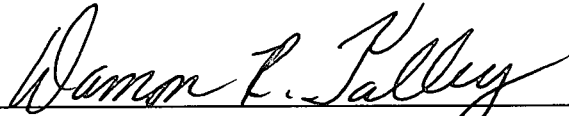
FILED
AUG 04 2000
PUBLIC SERVICE
COMMISSION

RE: Muhlenberg County Water District
Case No. 1999-512
(Rates -General)

Dear Mr. Huelsmann:

Enclosed for filing are the original and eight (8) copies of the Muhlenberg County Water District's Response to the Commission's June 30, 2000 Order.

Yours truly,
DAMON R. TALLEY, P.S.C.


DAMON R. TALLEY, ATTORNEY FOR
MUHLENBERG COUNTY WATER
DISTRICT

DRT:ln

Enclosures

cc: David Edward Spenard, Assistant Attorney General
Muhlenberg County Water District

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

Aug 18, 2000

In the Matter of:

THE APPLICATION OF MUHLENBERG COUNTY)
WATER DISTRICT FOR A GENERAL RATE) CASE NO. 99-512
ADJUSTMENT PURSUANT TO THE PROVISIONS OF)
KRS 278.030 AND 807 KAR 5:001)

COMMISSION STAFF'S SECOND SET OF INTERROGATORIES AND
REQUESTS FOR PRODUCTION OF DOCUMENTS
TO MUHLENBERG COUNTY WATER DISTRICT

Pursuant to Administrative Regulation 807 KAR 5:001, Commission Staff requests that Muhlenberg County Water District ("Muhlenberg District") shall file the original and 8 copies of the following information with the Commission no later than September 1, 2000, with a copy to all parties of record. Each copy of the information requested shall be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention shall be given to copied material to ensure its legibility. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request.

1. Provide a schedule that shows Muhlenberg District's operating expenses by component for each year from 1995 through 1999. This schedule should use the components that are listed in Exhibit 14 of Muhlenberg District's Application.

2. Provide documentary evidence that the Muhlenberg County Judge/Executive has approved Muhlenberg District's employment of Damon R. Talley as legal counsel for this administrative proceeding.

3. Refer to Muhlenberg District's Response to Commission Staff's First Set of Interrogatories and Requests for Information, Items 6 and 8. Muhlenberg County Fiscal Court has established \$3,600 as the level of annual compensation for Muhlenberg District's commissioners. When the cost of water service provided to Muhlenberg District's commissioners is considered, total compensation exceeds \$3,600. How is this level of compensation, which is in excess of \$3,600, consistent with KRS 74.020(5)?

4. Refer to Muhlenberg District's Application, Exhibit 14 at 2. As Muhlenberg District's last application for rate adjustment was filed in 1986, explain why Muhlenberg District's rate case expense should be amortized over 3 years instead of a longer period.

5. a. Provide all studies, analyses, and reports that Muhlenberg District has conducted or commissioned regarding the construction of additional water distribution or treatment facilities.

b. For each study provided, state the name and position of the preparer.

6. a. Does Muhlenberg District expect to engage in any major construction project within the next 5 years? For purposes of this interrogatory, "major construction project" is a projection that requires the issuance of long-term indebtedness or represents 10 percent or more of Muhlenberg District's net utility plant.

b. If yes, describe each of these projects.

7. Provide all studies, analyses, and reports that Muhlenberg District has conducted or commissioned that contain projections of Muhlenberg District's future operating expenses.

8. Identify the persons who researched and prepared Muhlenberg District's automatic adjustment mechanism.

9. Identify the publications, reference materials, and other sources that Muhlenberg District consulted in developing its automatic adjustment mechanism.

10. Refer to Muhlenberg District's Response to Commission Staff's First Set of Interrogatories and Requests for Information, Item 29.

a. Has Muhlenberg District prepared a tariff sheet for the proposed automatic adjustment mechanism?

b. If no, state when Muhlenberg District expects to complete the preparation of such tariff sheet.

11. a. Identify the state utility regulatory commissions that have authorized an automatic adjustment mechanism based upon the Consumer Price Index for Urban Wage Earners and Clerical Workers ("CPI-W") for a water utility.

b. For each state utility regulatory commission identified above, provide a copy of that commission's order or opinion authorizing such mechanism. If the order or opinion is published in Public Utilities Reports, a citation to this order may be provide instead.

12. Is it Muhlenberg District's position that the CPI-W is more accurate and more reflective of changes in the cost of producing water than the Gross Domestic Product Implicit Price Deflator ("GDP-IPD") Index? Explain.

13. Refer to Interrogatory no. 14, note 2. For each of the following, provide the method by which each was paid, including but not limited to cash payment or secured financing.

a. Describe the need and basis for an increase of \$15,158 for office furniture.

b. Describe the need and basis for an increase in value of vehicles of \$100,460.

c. Provide a description of every building construction or improvement that resulted in the increase of \$49,472

14. Please explain the increases in the following expenses:

a. Administrative and General

b. Transmission and Distribution

c. Source of Supply

15. Please refer to your response to Interrogatory no. 14, Note 5, pg. 15. List the lawsuits pending against the District, include description of legal issue and amount at issue

16. Please refer to your response to Interrogatory no. 16. Explain why you have not prepared a cost-of-service study in relation to this application.

17. Please refer to the documents attached in your response to Interrogatory no. 34. Explain why the District voted to withdraw the following amounts from

certificates of deposit at the corresponding Board of Commissioners' meetings and the purpose for that withdrawal.

- a. \$100,000 at December 28, 1998 meeting.
- b. \$90,000 at March 22, 1999 meeting.
- c. \$120,000 at July 26, 1999 meeting.

18. Please refer to your response to Interrogatory no. 2 and provide the following:

- a. A list of job duties for each current employee.
- b. A schedule that sets forth the overtime hours worked by each employee from January 1, 2000 through July 31, 2000.
- c. Are the overtime hours worked during 1999 representative of the amount of overtime your employees work during a normal year?
- d. At what pay rate are employees who are "on call" compensated for "on call" duty.

19. Provide your justification for paying the superintendent, assistant superintendent and office manager \$50.00 for their appearance at a Board of Commissioners meeting.

20. Please refer to your response to Interrogatory no. 5b. Provide further explanation and justification for providing family health coverage at no cost to some employees when employees carrying only single coverage are not equally compensated for health coverage.

Thomas M. Dorman by W. H. Barber

Thomas M. Dorman
Executive Director
Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602

DATED: Aug. 18, 2000

cc: Parties of Record



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

August 4, 2000

Tommy Woodruff
Manager
Muhlenberg County Water District
P. O. Box 348
Greenville, KY. 42345

Honorable Damon R. Talley
Attorney at Law
112 North Lincoln Boulevard
P. O. Box 150
Hodgenville, KY. 42748

Honorable David Edward Spenard
Assistant Attorney General
Office of Rate Intervention
1024 Capital Center Drive
Frankfort, KY. 40601 8204

RE: Case No. 1999-512

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/sa
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF MUHLENBERG COUNTY)
WATER DISTRICT FOR A GENERAL RATE) CASE NO. 99-512
ADJUSTMENT PURSUANT TO THE PROVISIONS OF)
KRS 278.030 AND 807 KAR 5:001)

O R D E R

Muhlenberg County Water District ("Muhlenberg District") has moved for an extension of time in which to respond to Commission Staff's initial requests for production of documents and written interrogatories. Finding good cause exists to grant the motion, the Commission HEREBY ORDERS that:

1. Muhlenberg District's Motion for Extension of Time is granted.
2. The Commission's Order of June 30, 2000 is amended as follows:
 - a. A formal hearing in this matter shall be held on November 21, 2000 at 9:30 a.m., Eastern Standard Time, in Hearing Room 2 of the Commission's offices at 211 Sower Boulevard, Frankfort, Kentucky, for the purpose of direct and cross-examination of witnesses.
 - b. Muhlenberg District shall, no later than August 4, 2000, serve on all parties its answers to Commission Staff's initial requests for production of documents and written interrogatories.
 - c. Commission Staff may, on or before August 18, 2000, serve upon Muhlenberg District its supplemental requests for production of documents and written interrogatories.

d. Muhlenberg District shall, no later than September 1, 2000, serve on all parties its answers to Commission Staff's supplemental requests for production of documents and written interrogatories.

e. Commission Staff shall, no later than September 15, 2000, file with the Commission and serve upon the parties a written report of its findings and recommendations on the proposed rate adjustment.

f. Each party shall carefully review the Commission Staff report and file its written comments on the report with the Commission no later than September 29, 2000. In these comments, each party shall specifically identify those findings and recommendations to which it objects. Failure to object to a finding shall be considered as an admission of that finding.

g. Each party may, on or before October 13, 2000, serve upon Commission Staff and Muhlenberg District its requests for production of documents and written interrogatories.

h. Commission Staff and Muhlenberg District shall, no later than October 27, 2000, serve on all parties their answers to requests for production of documents and written interrogatories.

i. Each party shall file, no later than November 13, 2000, an original and 8 copies of the following with the Commission and serve upon a copy upon each party of record:

(1) A list of the names and addresses of all persons that it intends to call as witnesses at the formal hearing.

(2) A summary of each witness's expected testimony.

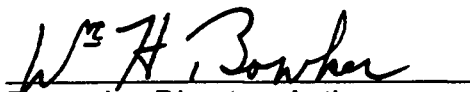
(3) A copy of all documents and exhibits that it intends to introduce into evidence at the scheduled hearing.

3. All provisions of the Commission's Order of June 30, 2000, not amended by this Order, remain in effect.

Done at Frankfort, Kentucky, this 4th day of August, 2000.

By the Commission

ATTEST:


Executive Director, Acting

DAMON R. TALLEY, P.S.C.

112 N. LINCOLN BLVD.
P.O. BOX 150
HODGENVILLE, KENTUCKY 42748

TEL. (270) 358-3187
FAX (270) 358-9560

DAMON R. TALLEY

ATTORNEY AT LAW

July 14, 2000

Mr. Martin J. Huelsmann
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

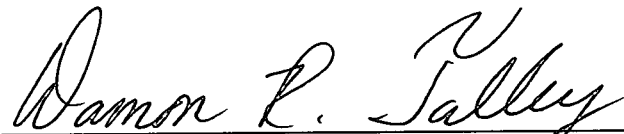
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JUL 17 2000
PUBLIC SERVICE
COMMISSION

RE: Muhlenberg County Water District
Case No. 1999-512
(Rates -General)

Dear Mr. Huelsmann:

Enclosed for filing are the original and ten (10) copies of the Muhlenberg County Water District's **Motion for Extension of Time** to answer the First Set of Interrogatories and Request for Production of Documents.

Yours truly,
DAMON R. TALLEY, P.S.C.



DAMON R. TALLEY, ATTORNEY FOR
MUHLENBERG COUNTY WATER
DISTRICT

DRT:ln

Enclosures

cc: David Edward Spenard, Assistant Attorney General
Muhlenberg County Water District

RECEIVED
JUL 17 2000
PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

THE APPLICATION OF MUHLENBERG COUNTY)
WATER DISTRICT FOR A GENERAL RATE) CASE NO. 1999-512
ADJUSTMENT PURSUANT TO THE PROVISIONS) HISTORIC TEST
OF KRS 278.030 AND 807 KAR 5:001.) YEAR UTILIZED

*** ** *** ** *** ** *** ** ***

MOTION FOR EXTENSION OF TIME

The Applicant, MUHLENBERG COUNTY WATER DISTRICT (the "District"), by Counsel, moves the Commission for a three (3) week extension of time in which to answer the Commission Staff's First Set of Interrogatories and Request for Production of Documents. For cause, the District states as follows:

1. The District has been unable to compile all the information requested by the Commission's June 30, 2000 Order within the original time allotted and needs three (3) additional weeks to compile the information and fully respond to the Order.

2. The District's Office Manager also serves as bookkeeper. She will be primarily responsible for obtaining and compiling the information and documents requested by Commission's staff. She has been on vacation since July 7 and will not return to work until July 17. Before leaving on vacation, she familiarized herself with the June 30, 2000 Order and instructed the District's accountant to

compile the information for which he will be responsible. When she returns from vacation, this matter will be her top priority.

3. Granting the District the requested extension of time will not prejudice the rights of any other party to this proceeding.

For the foregoing reasons, the District respectfully requests a three (3) week extension of time in which to answer the Commission Staff's First Set of Interrogatories and Request for Production of Documents.

Respectfully submitted,

DAMON R. TALLEY, P.S.C.

A handwritten signature in cursive script that reads "Damon R. Talley". The signature is written in black ink and is positioned above a horizontal line.

**DAMON R. TALLEY
P.O. BOX 150
112 NORTH LINCOLN BLVD.
HODGENVILLE KY 42748
(270) 358-3187
FAX (270) 358-9560**

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF MUHLENBERG COUNTY)
WATER DISTRICT FOR A GENERAL RATE) CASE NO. 99-512
ADJUSTMENT PURSUANT TO THE PROVISIONS OF)
KRS 278.030 AND 807 KAR 5:001)

COMMISSION STAFF'S FIRST SET OF INTERROGATORIES AND
REQUESTS FOR PRODUCTION OF DOCUMENTS
TO MUHLENBERG COUNTY WATER DISTRICT

Pursuant to Administrative Regulation 807 KAR 5:001, Commission Staff requests that Muhlenberg County Water District ("Muhlenberg") shall file the original and 8 copies of the following information with the Commission no later than July 14, 2000, with a copy to all parties of record. Each copy of the information requested shall be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention shall be given to copied material to ensure its legibility. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request.

1. Provide a depreciation schedule of Muhlenburg District's utility plant that includes original cost, the depreciation rate, the annual depreciation expense, and the remaining balance.

2. Provide a schedule that contains the following information:
 - a. the name of each officer or employee of Muhlenberg District;
 - b. a description of his or her job duties;
 - c. his or her length of employment with Muhlenberg;
 - d. his or her test period salary;
 - e. his or her current salary;
 - f. the number of regulars hours that he or she worked during the test period;
 - g. the number of overtime hours that he or she worked during the test period;
 - h. his or her current regular and overtime pay rates.

3.
 - a. Provide a schedule that lists:
 - (1) each of Muhlenberg District's current insurance policies;
 - (2) the type of coverage that each policy provides;
 - (3) the annual premium for each policy;
 - (4) the effective date of each policy's coverage;
 - b. Provide all notices from Muhlenberg District's insurance carriers that report a change in coverage or premium from the test period level.

4.
 - a.
 - (1) List all employment benefits that Muhlenberg District provides to its officers or employees.
 - (2) For each benefit listed above, identify which employees are eligible to receive that benefit and state the total annual cost of providing that benefit.

b. (1) List all pension programs that Muhlenberg District provides to its officers or employees.

(2) For each program listed above, identify which employees are eligible to participate in that program and state the total annual cost of maintaining that program.

c. For any employee benefit or pension program that is not available to all employees, explain why all employees are not eligible to participate.

5. a. (1) Does Muhlenberg District provide family health insurance coverage?

(2) If yes,

(a) Who pays for the difference in premiums between single and family coverage?

(b) If Muhlenberg District pays the difference, are all employees given the option of taking family coverage or the difference in premiums as additional compensation?

6. a. List all persons or entities to whom Muhlenberg District provides free water service.

b. For each person or entity listed, state:

(1) the amount of free water (in gallons) provided during the test period; and,

(2) the total cost of providing free water service during the test period.

7. If Muhlenberg Water District provided water service to members of its Board of Commissioners, explain how the provisions of such service is consistent with the salary limitations that KRS 74.020(6).

8. Provide a copy of the resolution or ordinance of Muhlenberg County Fiscal Court establishing the current level of compensation for the members of Muhlenberg District's Board of Commissioners.

9. Provide documentary evidence that the Muhlenberg County Judge/Executive has approved Muhlenberg District's employment of private legal counsel.

10. Explain why Muhlenberg District did not use the Muhlenberg County Attorney to provide legal advice and counsel.

11. Provide invoices or other documentary evidence to support the levels of the following accounts:

a.	Purchased Water	\$650,364
b.	Purchased Power	\$ 41,404
c.	Materials and Supplies	\$ 75,948
d.	Transportation Expense	\$ 26,820
e.	Miscellaneous Expense	\$ 82,932
f.	Advertising Expense	\$ 1,116

12. a. List all rate case expenses incurred to date in this proceeding.
b. Provide detailed invoices for each expense listed above.
c. Beginning on August 1, 2000, and for each month thereafter until the completion of this case, provide an updated report of all rate case expenses and

provide detail invoices for all expenses for which an invoice has not been previously provided.

13. Provide all contracts and agreements (e.g., purchased water contracts, leases, rental agreements) under which Muhlenberg District incurred costs of \$1,000 or more during the test period.

14. Provide Muhlenberg District's Audit Report for 1999, including all workpapers and year-end adjusting journal entries.

15. Refer to Muhlenberg District's Application, Tab 12. Provide a copy of each loan agreement or bond ordinance listed.

16. a. When did Muhlenberg District first prepare or commission a cost-of-service study to determine the appropriate rate for its water service?

b. (1) Who prepared this study?

(2) Provide the preparer's curriculum vitae?

(3) List all cases before the Commission in which the preparer has submitted a cost-of-service study.

(4) List all utilities (municipal or public) for which the preparer has prepared a cost-of-service study. For each utility, identify the type of utility service (water or sewer) for which the report was prepared.

c. Provide a copy of this study.

17. a. Has Muhlenberg District subsequently prepared or commissioned a cost-of-service study to determine the appropriate rate for its water service?

b. For each subsequent study:

(1) Who prepared this study?

(2) Provide the preparer's curriculum vitae?

(3) List all cases before the Commission in which the preparer has submitted a cost-of-service study.

(4) List all utilities (municipal or public) for which the preparer has prepared a cost-of-service study. For each utility, identify the type of utility service (water or sewer) for which the report was prepared

(5) Provide a copy of the cost-of-service study.

18. a. If no cost-of-service study has been performed on Muhlenberg District's operations, describe rate reviews or studies that have been performed to review the fairness of Muhlenberg District's present rate structure.

b. Provide a copy of each review or study performed.

19. Describe how the proposed rates to the city of Drakesboro, Kentucky ("Drakesboro") and the Tennessee Valley Authority Paradise Fossil Electric Generating Plant ("Paradise") were determined.

20. Identify each Muhlenberg District facility that is used exclusively to provide water service to either Drakesboro or Paradise or both. For each facility listed, state the wholesale customer(s) who is (are) served exclusively by that facility.

21. a. How many master meters are used to serve Drakesboro?

b. State the size of each master meter.

c. Who is responsible for the maintenance of the master meter(s)?

22. a. How many master meters are used to serve Paradise?

b. State the size of each master meter.

c. Who is responsible for the maintenance of the master meter(s)?

23. Provide the total inch miles by line size contained in Muhlenberg District's system.

24. Complete the table below:

Water Main Size	Total Miles Of Line	Miles Of Lines Jointly Used By Both Muhlenberg District & Drakesboro	Miles Of Lines Jointly Used By Both Muhlenberg District & Paradise
16"			
14"			
12"			
10"			
8"			
6"			
4"			
2"			

25. Provide for each calendar year from 1995 through 1999 the total annual operation and maintenance expense and the percentage increase or decrease over the prior calendar year expense level.

26. State why Muhlenberg District requires an automatic adjustment mechanism based upon the Consumer Price Index.

27. State why the Consumer Price Index for Urban Wage Earners and Clerical Workers ("CPI-W") is the appropriate index upon which to base any automatic adjustment mechanism.

28. Identify all price indexes other than the CPI-W that Muhlenberg District considered when developing its rate adjustment proposal. For each index identified, explain why Muhlenberg District chose not to use that index.

29. Provide the proposed tariff sheet that will govern the operation of the proposed automatic adjustment mechanism.

30. Under the proposed automatic adjustment mechanism, on what date would the annual adjustment for inflation be made?

31. What notice of a rate adjustment would be provided to Muhlenberg District customers under the proposed automatic adjustment mechanism?

32. Explain the relationship between the CPI-W and the cost of distributing water.

33. Provide all purchase agreements and contracts for employment or services to which Muhlenberg District is currently a party and which contain cost adjustment provisions.

34. Provide the minutes for all meetings of Muhlenberg District's Board of Commissioners held since January 1, 1998.

35. Explain why, despite large operating losses, Muhlenberg District has not requested a general rate adjustment, other than for increases in the cost of purchased water, since January 1985.

36. For each year since January 1, 1993, identify the persons who were members of Muhlenberg District's Board of Commissioners.



Martin J. Huelsmann
Executive Director
Public Service Commission of Kentucky
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

DATED: June 30, 2000

cc: Parties of Record



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

June 22, 2000

Tommy Woodruff
Manager
Muhlenberg County Water District
P. O. Box 348
Greenville, KY. 42345

Honorable Damon R. Talley
Attorney at Law
112 North Lincoln Boulevard
P. O. Box 150
Hodgenville, KY. 42748

Honorable David Edward Spenard
Assistant Attorney General
Office of Rate Intervention
1024 Capital Center Drive
Frankfort, KY. 40601 8204

RE: Case No. 1999-512

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

Sincerely,

Stephanie Bell
Stephanie Bell
Secretary of the Commission

SB/sa
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF MUHLENBERG COUNTY)
WATER DISTRICT FOR A GENERAL RATE) CASE NO. 99-512
ADJUSTMENT PURSUANT TO THE PROVISIONS OF)
KRS 278.030 AND 807 KAR 5:001)

ORDER

Muhlenberg County Water District ("Mulhenberg District") has moved for a deviation from Administrative Regulation 807 KAR 5:001, Section 6 and Section 10(6)(r). Having considered the motion, the Commission finds that Mulhenberg District's compliance with these regulations would impose a financial hardship and would not enhance the Commission's efforts to review its application for rate adjustment. Accordingly, good cause exists for granting Mulhenberg District's motion. We further find that a procedural schedule should be established for this proceeding to review Mulhenberg District's application.

IT IS THEREFORE ORDERED that:

1. Muhlenberg District's Motion for Deviation is granted.
2. Muhlenberg District is granted permission to deviate from Administrative Regulation 807 KAR 5:001, Section 6 and Section 10(6)(r).
3. Muhlenberg District's application is considered filed as of May 24, 2000.
4. A formal hearing in this matter shall be held on October 31, 2000 at 9:30 a.m., Eastern Standard Time, in Hearing Room 2 of the Commission's offices at 211

Sower Boulevard, Frankfort, Kentucky, for the purpose of direct and cross-examination of witnesses.

5. Commission Staff may, on or before June 30, 2000, serve upon Mulhenberg District its requests for production of documents and written interrogatories.

6. Mulhenberg District shall, no later than July 14, 2000, serve on all parties its answers to Commission Staff's requests for production of documents and written interrogatories.

7. Commission Staff may, on or before July 28, 2000, serve upon Mulhenberg District its supplemental requests for production of documents and written interrogatories.

8. Mulhenberg District shall, no later than August 11, 2000, serve on all parties its answers to Commission Staff's supplemental requests for production of documents and written interrogatories.

9. Commission Staff shall, no later than August 25, 2000, file with the Commission and serve upon the parties a written report of its findings and recommendations on the proposed rate adjustment.

10. Each party shall carefully review the Commission Staff report and file their written comments on the report with the Commission no later than September 8, 2000. In these comments, each party shall specifically identify those findings and recommendations to which it objects. Failure to object to a finding shall be considered as an admission of that finding.

11. Each party may, on or before September 22, 2000, serve upon Commission Staff and Mulhenberg District its requests for production of documents and written interrogatories.

12. Commission Staff and Mulhenberg District shall, no later than October 6, 2000, serve on all parties their answers to requests for production of documents and written interrogatories.

13. Each party shall file, no later than October 20, 2000, an original and 8 copies of the following with the Commission and serve upon a copy upon each party of record:

a. A list of the names and addresses of all persons that it intends to call as witnesses at the formal hearing.

b. A summary of each witness's expected testimony.

c. A copy of all documents and exhibits that it intends to introduce into evidence at the scheduled hearing.

14. At any hearing in this matter, neither opening statements nor summarization of direct testimony shall be permitted.

15. Motions for extensions of time with respect to the schedule herein shall be made in writing and will be granted only upon a showing of good cause.

16. All documents that this Order requires to be filed with the Commission shall be served upon all parties of record.

17. Service of any document or pleading shall be made in accordance with Administrative Regulation 807 KAR 5:001, Section 3(7), and Kentucky Civil Rule 5.02.

18. To be timely filed with the Commission, a document must be received by the Secretary of the Commission within the specified time for filing except that any

document shall be deemed timely filed if it has been transmitted by United States express mail, or by other recognized mail carriers, with the date the transmitting agency received said document from the sender noted by the transmitting agency on the outside of the container used for transmitting, within the time allowed for filing.

Done at Frankfort, Kentucky, this 22nd day of June, 2000.

By the Commission

ATTEST:


Executive Director

DAMON R. TALLEY, P.S.C.

112 N. LINCOLN BLVD.
P.O. BOX 150
HODGENVILLE, KENTUCKY 42748

TEL. (270) 358-3187
FAX (270) 358-9560

DAMON R. TALLEY

May 12, 2000

RECEIVED
MAY 24 2000
PUBLIC SERVICE
COMMISSION
ATTORNEY AT LAW

Mr. Martin J. Huelsmann
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

RE: Muhlenberg County Water District
Case No. 1999-512
(Rates -General)

Dear Mr. Huelsmann:

Enclosed are the original and ten (10) copies of the Muhlenberg County Water District's **Motion for Deviation**.

Should you need any additional information, please let me know.

Yours truly,

DAMON R. TALLEY, P.S.C.



DAMON R. TALLEY, ATTORNEY FOR
MUHLENBERG COUNTY WATER
DISTRICT

DRT:ln

Enclosures

cc: David Edward Spenard, Assistant Attorney General
Muhlenberg County Water District

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

RECEIVED
MAY 24 2000
PUBLIC SERVICE
COMMISSION

THE APPLICATION OF MUHLENBERG COUNTY)
WATER DISTRICT FOR A GENERAL RATE) CASE NO. 1999-512
ADJUSTMENT PURSUANT TO THE PROVISIONS) HISTORIC TEST
OF KRS 278.030 AND 807 KAR 5:001.) YEAR UTILIZED

*** ** *** ** *** ** *** ** ***

MOTION FOR DEVIATION

The Applicant, MUHLENBERG COUNTY WATER DISTRICT (the "DISTRICT"), by Counsel, moves the Commission for a deviation from the requirements of Commission Regulation 807 KAR 5:001, Section 6 which requires that the financial data filed with the Application cover operations for a twelve (12) month period ending within 90 days of the filing of the Application. The DISTRICT also moves the Commission for a deviation from the requirements of 807 KAR 5:001, Section 10(6)(r) which requires the filing of monthly managerial reports. For cause, the DISTRICT states as follows:

1. The Application filed by the DISTRICT on May 4, 2000 uses financial data for the calendar year ending December 31, 1999. The DISTRICT proposes to use calendar year 1999 as the Test Year in this case. This Motion for Deviation is being made pursuant to Commission Regulation 807 KAR 5:001, Section 14, and all other applicable rules and regulations.

2. The DISTRICT states that there has been no material change in the financial condition or operation of the DISTRICT since December 31, 1999. The Application filed by the DISTRICT seeks approval of the revised water service rates and charges. The Application relies upon financial data for the calendar year ending December 31, 1999. The financial data was obtained from the 1999 Annual Report prepared by the DISTRICT'S CPA.

3. Because of the limited financial resources of the DISTRICT, it would work an extreme financial hardship on the DISTRICT to require it to pay its CPA to prepare new financial data for a different twelve (12) month period than the calendar year that was used. In addition, the Annual Report and other financial information was completed by the DISTRICT'S CPA on or about March 31, 2000. The DISTRICT'S Application was filed within five (5) weeks after it received the information from the CPA.

4. The DISTRICT believes that the financial information filed with the Application is sufficient to enable the Commission to adequately, effectively and efficiently review the rate Application.

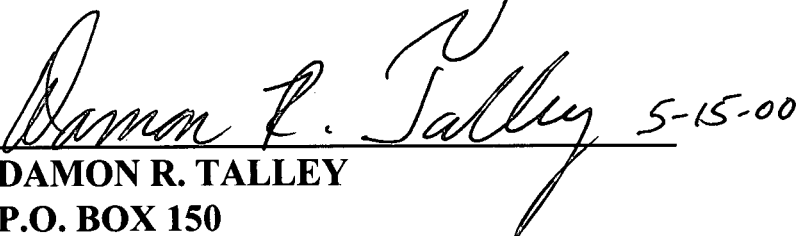
5. The DISTRICT also moves the Commission for a deviation from, or a waiver of, the requirement that it file monthly managerial reports as required by 807 KAR 5:001, Section 10(6)(r). No such managerial reports exist. Since these reports are not normally maintained by the DISTRICT, it would work an undue

hardship on the DISTRICT if the Commission required the DISTRICT to prepare such reports at this time. This would also unduly delay this proceeding. The DISTRICT has already filed sufficient financial data to enable the Commission to adequately, effectively and efficiently review the rate application. This Motion for Deviation, or a request for a waiver, is being made pursuant to 807 KAR 5:001, Section 10(11) and Section 14, and all other applicable rules and regulations.

For the foregoing reasons, the DISTRICT respectfully requests a deviation from the Commission Regulation 807 KAR 5:001, Section 6 and for leave to file its Application using financial data from a period ending more than 90 days prior to the filing of the Application. It further requests a deviation or waiver from the requirement that it file monthly managerial reports as required by 807 KAR 5:001, Section 10(6)(r).

Respectfully submitted,

DAMON R. TALLEY, P.S.C.

 5-15-00
DAMON R. TALLEY

**P.O. BOX 150
112 NORTH LINCOLN BLVD.
HODGENVILLE KY 42748
(502) 358-3187
FAX (502) 358-9560**



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

May 19, 2000

Tommy Woodruff
Manager
Muhlenberg County Water District
P. O. Box 348
Greenville, KY. 42345

Honorable Damon R. Talley
Attorney at Law
112 North Lincoln Boulevard
P. O. Box 150
Hodgenville, KY. 42748

Honorable David Edward Spenard
Assistant Attorney General
Attorney General
Office of Rate Intervention
1024 Capital Center Drive
Frankfort, KY. 40601 8204

RE: Case No. 1999-512
MUHLENBERG COUNTY WATER DISTRICT

The Commission staff has reviewed your application in the above case and finds that it meets the minimum filing requirements. Enclosed please find a stamped filed copy of the first page of your filing. This case has been docketed and will be processed as expeditiously as possible.

If you need further assistance, please contact my staff at 502/564-3940.

Sincerely,

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

Stephanie Bell
Secretary of the Commission

SB/sa
Enclosure

DAMON R. TALLEY, P.S.C.

112 N. LINCOLN BLVD.
P.O. BOX 150
HODGENVILLE, KENTUCKY 42748

TEL. (270) 358-3187
FAX (270) 358-9560

DAMON R. TALLEY

ATTORNEY AT LAW

May 3, 2000

FILED

MAY 04 2000
PUBLIC SERVICE
COMMISSION

RECEIVED

MAY 04 2000

PUBLIC SERVICE
COMMISSION

Mr. Martin J. Huelsmann
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

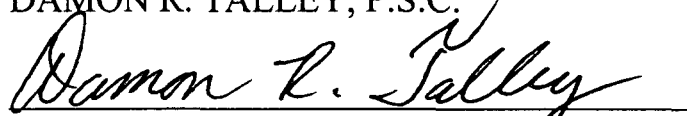
RE: Muhlenberg County Water District
Case No. 1999-512
(Rates -General)

Dear Mr. Huelsmann:

Enclosed is the original and ten (10) copies of the Application of the Muhlenberg County Water District for an adjustment of its rates.

Should you need any additional information, please let me know.

Yours truly,
DAMON R. TALLEY, P.S.C.


DAMON R. TALLEY, ATTORNEY FOR
MUHLENBERG COUNTY WATER
DISTRICT

DRT:ln

Enclosures

cc: Attorney General, Utility Intervention and Rate Division
Muhlenberg County Water District



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

May 10, 2000

Larry Reno
Manager
Muhlenberg County Water District
P. O. Box 348
Greenville, KY. 42345

Honorable Damon R. Talley
Attorney at Law
112 North Lincoln Boulevard
P. O. Box 150
Hodgenville, KY. 42748

Honorable David Edward Spenard
Assistant Attorney General
Attorney General
Office of Rate Intervention
1024 Capital Center Drive
Frankfort, KY. 40601 8204

RE: Case No. 1999-512

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/sh
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

MUHLENBERG COUNTY WATER DISTRICT)
APPLICATION FOR RATE ADJUSTMENT) CASE NO. 99-512

O R D E R

This matter arising upon the motion of the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention ("Attorney General"), filed February 8, 2000, pursuant to KRS 367.150(8), for full intervention, such intervention being authorized by statute, and this Commission being otherwise sufficiently advised,

IT IS HEREBY ORDERED that the motion is granted, and the Attorney General is hereby made a party to these proceedings.

Done at Frankfort, Kentucky, this 10th day of May, 2000.

By the Commission

ATTEST:



Executive Director



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**

May 5, 2000

Larry Reno
Manager
Muhlenberg County Water District
P. O. Box 348
Greenville, KY 42345

Honorable Damon R. Talley
Attorney at Law
112 North Lincoln Boulevard
P. O. Box 150
Hodgenville, KY 42748

RE: Case No. 1999-512
MUHLENBERG COUNTY WATER DISTRICT
(Rates-General)

This letter is to acknowledge receipt of initial application in the above case. The application was date-stamped received May 4, 2000 and has been assigned Case No. 1999-512. In all future correspondence or filings in connection with this case, please reference the above case number.

If you need further assistance, please contact my staff at 502/564-3940.

Sincerely,

Stephanie Bell
Secretary of the Commission

SB/jc



DAMON R. TALLEY, P.S.C.

112 N. LINCOLN BLVD.
P.O. BOX 150
HODGENVILLE, KENTUCKY 42748

TEL. (270) 358-3187
FAX (270) 358-9560

DAMON R. TALLEY

ATTORNEY AT LAW

May 3, 2000

FILED

MAY 04 2000
PUBLIC SERVICE
COMMISSION

RECEIVED

MAY 04 2000

PUBLIC SERVICE
COMMISSION

Mr. Martin J. Huelsmann
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

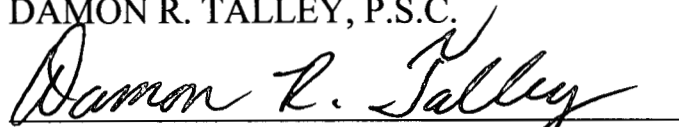
RE: Muhlenberg County Water District
Case No. 1999-512
(Rates -General)

Dear Mr. Huelsmann:

Enclosed is the original and ten (10) copies of the Application of the Muhlenberg County Water District for an adjustment of its rates.

Should you need any additional information, please let me know.

Yours truly,
DAMON R. TALLEY, P.S.C.


DAMON R. TALLEY, ATTORNEY FOR
MUHLENBERG COUNTY WATER
DISTRICT

DRT:ln

Enclosures

cc: Attorney General, Utility Intervention and Rate Division
Muhlenberg County Water District

RECEIVED

MAY 04 2000

COMMONWEALTH OF KENTUCKY

PUBLIC SERVICE COMMISSION

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

THE APPLICATION OF MUHLENBERG COUNTY)	
WATER DISTRICT FOR A GENERAL RATE)	CASE NO. 1999-512
ADJUSTMENT PURSUANT TO THE PROVISIONS)	HISTORIC TEST
OF KRS 278.030 and 807 KAR 5:001.)	YEAR UTILIZED

*** ** *** ** *** ** *** ** ***

PETITION

The Applicant, MUHLENBERG COUNTY WATER DISTRICT, situated in Muhlenberg County, Kentucky, (the "DISTRICT"), acting by and through its Board of Commissioners, respectfully tenders this Petition and Application, pursuant to KRS 278.030 and 807 KAR 5:001, and requests that the Public Service Commission of Kentucky (the "PSC") enter an Order approving the proposed adjustment of water service rates and charges to be levied and collected by the District. In support of this Petition and Application, and in conformity with the rules of the PSC, the DISTRICT states as follows:

OVERVIEW

1. The DISTRICT requests the PSC to take the following actions:
 - A. Approve the proposed adjustment of water service rates and charges to all customers. The proposed rate adjustment should produce approximately \$471,744 in additional revenues. This is an increase of approximately 25.4% over test year water sale revenues; and
 - B. Authorize the DISTRICT to annually adjust rates in accordance with the Consumer Price Index for Urban Wage Earners and Clerical Workers (the CPI-W) published by the U.S. Department of Labor, Bureau of Labor Statistics for each of the next three (3) years.
2. The DISTRICT does not plan to implement the proposed rates until after approval by the PSC.

GENERAL INFORMATION

3. The DISTRICT was established by Order of the County Court of Muhlenberg County, Kentucky entered under date of July 24, 1962, pursuant to the provisions of KRS 74.010. The DISTRICT is now, and has been since its inception, regulated by the PSC, and all records and proceedings of the PSC with reference to the DISTRICT are incorporated in this Application by reference.
4. The governing body of the DISTRICT is its Board of Commissioners, which is a public body corporate, with power to make contracts in furtherance of

its lawful and proper purposes as provided in KRS 74.070.

5. The mailing address of the DISTRICT is as follows:

Muhlenberg County Water District
301 Dean Road
P.O. Box 348
Greenville, Kentucky 42345
Attn: Tommy Woodruff, Superintendent

Telephone: (270) 338-1300

6. The DISTRICT is engaged in the business of providing an adequate supply of potable water for domestic, agricultural, commercial and industrial use to a large portion of Muhlenberg County.

7. It operates and maintains a water distribution system which serves approximately 5,758 retail customers (as of 12/31/99) and two (2) wholesale customers (City of Drakesboro and the Tennessee Valley Authority Paradise Fossil Electric Generating Plant).

REASONS FOR RATE INCREASE

8. During the last five (5) years the DISTRICT'S financial condition has deteriorated substantially because of large operating losses. The losses were caused, in part, by increased operating and maintenance expenses. Because of these losses the DISTRICT has been forced to use retained earnings accumulated

during prior years and depreciation reserve funds to make the annual principal payments on its bonded indebtedness. The DISTRICT cannot be operated on a sound financial basis in this manner. The losses are detailed as follows:

<u>YEAR</u>	<u>NET LOSS</u>
1999	\$ 224,135
1998	143,392
1997	74,992
1996	100,835
1995	<u>58,678</u>
TOTAL	\$602,032

These net losses are graphically depicted in **Exhibit 1** appended hereto.

9. Although the DISTRICT'S financial statements reflect that the DISTRICT had net operating losses in each of the last five (5) years, the DISTRICT did not experience a negative cash flow, however, until 1998. (The DISTRICT had positive cash flows prior to 1998 because depreciation "expense" is not a cash expense).

10. In both 1998 and 1999 the DISTRICT experienced negative cash flows because the cash disbursements exceeded the cash receipts in each of those years. The negative cash flow is continuing during the year 2000.

11. A general, system-wide rate adjustment in the approximate amount of 25 to 26% will be necessary:

- A. To meet the increased costs of operations;
- B. To reverse the DISTRICT's negative cash flow;
- C. To enable the DISTRICT to pay its annual principal payments on its existing long term debts from water revenues rather than from depreciation reserves;
- D. To enable the DISTRICT to meet the coverage requirements (120%) set forth in its existing bond resolutions;
- E. To restore the DISTRICT to a sound financial condition; and
- F. To enable the DISTRICT to enhance its financial capacity so it can continue to operate its system in compliance with the federal Safe Drinking Water Act, as amended in 1996, and KRS Chapter 151.

12. On December 30, 1999 the DISTRICT filed a Notice of Intent to file a general rate application. A copy of the notice is appended hereto as **Exhibit 2**. The Notice was filed pursuant to 807 KAR 5:001, Section 10(2). Initially, the DISTRICT planned to use the calendar year 1998 as the historical test year. Because the 1999 financial statements are now available and because the 1999 operating revenues and expenses are more representative of normal and current operations, the DISTRICT now proposes to use the calendar year of 1999 as the historical test year (the "Test Year").

13. The PSC'S letter of January 5, 2000, which acknowledged receipt of

the DISTRICT'S Notice of Intent and assigned Case No. 1999-512 to this case, is appended hereto as **Exhibit 3**.

FINANCIAL INFORMATION

14. It is hereby certified that the DISTRICT'S annual reports, including the report for the 1999 calendar year, are on file with the PSC in accordance with 807 KAR 5:006, Section 3(1).

15. The Financial Exhibit required by 807 KAR 5:001, Section 6 and Section 10 is appended hereto as **Exhibit 4**.

16. The following additional exhibits are appended hereto in compliance with 807 KAR 5:001, Section 6 and Section 10:

<u>EXHIBIT #</u>	<u>DESCRIPTION</u>
5	Schedule of Bonds Authorized and Issued
6	Income Statement
7	Balance Sheet
8	Utility Plant in Service (Property Schedule)
9	PSC Annual Report for 1999
10	Audit Report for 1998 (1999 Audit Report will be filed upon completion)
11	Billing Analysis

17. The provisions of 807 KAR 5:001, Section 10(1)(b)(3) through 10(1)(b)(5) are not applicable because the DISTRICT is neither a corporation nor a limited partnership.

18. The DISTRICT does not operate under an assumed name. Consequently, the filing of an assumed name certificate, as required by 807 KAR 5:001, Section 10(1)(b)(6), is not necessary.

19. There was no apportionment used.

20. The DISTRICT'S existing debt service requirements are summarized in **Exhibit 12** which is appended hereto.

21. The existing annual principal and interest payments for the next five (5) years are detailed in **Exhibit 13**. The existing annual debt service requirements for the DISTRICT, based upon a five-year average, is \$437,066.

RATE ADJUSTMENT

22. For the reasons stated in paragraph 11, a system wide rate adjustment in the approximate amount of 25 to 26% will be necessary.

23. The DISTRICT proposes to use the calendar year of 1999 as the Test Year.

24. A Billing Analysis has been prepared and is appended hereto as

Exhibit 11.

25. The DISTRICT proposes to make three (3) adjustments to Test Year income and expenses for known and measurable changes that have occurred since the end of the Test Year. These proposed adjustments, together with a detailed narrative explanation, are set forth in **Exhibit 14**.

26. **Exhibit 15** shows that the amount of income available for debt service will be a negative **\$34,678** before the proposed rate increase.

27. **Exhibit 16, REVENUE REQUIREMENTS**, shows that the DISTRICT needs to increase its revenues by **\$471,744**. This means the DISTRICT needs to generate revenues of approximately \$2,331,597 from the proposed rates (\$1,859,853 + \$471,744).

28. Adjusting all the rates by approximately 25.4% will generate revenues of approximately \$2,331,105, as depicted in **Exhibit 17** which is appended hereto.

29. **Exhibit 18, Verification of Proposed Rates**, demonstrates that the proposed rates will generate the required revenues.

30. **Exhibit 19** is a cash flow summary. This summary estimates the DISTRICT'S total revenue will be \$2,403,696 when interest income and other

miscellaneous income items are added to the revenue projected to be generated by the proposed rates.

31. A schedule of the current rates in effect and the proposed rates is set forth in comparative form in **Exhibit 20**. The dollar amount of increase and the percentage of increase for each usage block are also shown in **Exhibit 20**.

32. The effect of the proposed rate adjustment on the average consumer's bill is shown in **Exhibit 21**. The average consumer should experience a 25.4% increase.

33. The DISTRICT'S proposed tariff, in a form which complies with 807 KAR 5:011 and 807 KAR 5:001, Section 10(1)(b)(7), is appended hereto as **Exhibit 22**. As stated in paragraph two (2) of this Petition, the DISTRICT does not propose to implement these proposed rates until after approval by the PSC.

34. The DISTRICT'S present and proposed tariff, in a comparative form which complies with 807 KAR 5:011 and 807 KAR 5:001 Section 10(1)(b)(8), is appended hereto as **Exhibit 23**.

35. The DISTRICT has published and posted the required customer notice in compliance with subsections (3) and (4) of 807 KAR 5:001, Section 10 and 807 KAR 5:011, Section 8. A copy of the Public Notice of Proposed

Adjustment of Water Rates is appended hereto as **Exhibit 24**. The Public Notice was published in a prominent manner in a newspaper of general circulation in the DISTRICT'S service area on May 3, 2000. The Public Notice will be published in the same newspaper for the next two (2) consecutive weeks (making a total of three (3) consecutive weeks). Newspaper tear sheets and the publisher's Affidavit evidencing publication in the newspaper will be forwarded to the PSC as soon as they have been received.

36. The DISTRICT does not plan to support the application with prepared testimony. It respectfully requests the PSC staff to perform a field review of the DISTRICT'S test-period financial records and issue a staff report just as the staff routinely does in general rate cases filed by water utilities.

37. The DISTRICT is not a local exchange company within the meaning of 807 KAR 5:001, Section 10(6)(f).

38. The Billing Analysis required by 807 KAR 5:001, Section 10(6)(g) is contained in **Exhibit 11**.

39. The independent auditor's annual opinion report required by 807 KAR 5:001, Section 10(6)(k) for the calendar year ending December 31, 1998 is appended hereto as **Exhibit 10**. The audit for the year ending December 31, 1999

will be filed as soon as it is completed by the auditor.

40. The only computer program or software used in developing the schedules and work papers associated with the filing of the DISTRICT'S application is the word processing software used by the DISTRICT'S attorney, Damon R. Talley. The entire application, including Exhibits 11-21, were prepared by using the following:

Software: Word Perfect Suite 8

Supplier: Corel

Operating
System: Windows 98

41. The DISTRICT moves the Commission for a deviation from the requirement that it file monthly managerial reports as required by 807 KAR 5:001, Section 10(6)(r). No such managerial reports exist. The DISTRICT has already filed sufficient financial data to enable the Commission to effectively and efficiently review this rate application.. This request for a deviation or waiver is being made pursuant to 807 KAR 5:001, Section 10(11) and Section 14, and all other applicable rules and regulations.

42. The proposed rates are fair, just and reasonable and are necessary for the DISTRICT: (a) to continue providing adequate, reliable service to its

customers, (b) to reverse the DISTRICT'S negative cash flow; (c) to enable the DISTRICT to pay its annual principal payments on its existing long term debts from water revenues rather than from depreciation reserves; (d) to enable the DISTRICT to meet the coverage requirements set forth in its existing bond resolutions; (e) to restore the DISTRICT to a sound financial condition; and (f) to enable the DISTRICT to enhance its financial capacity so it can continue to operate its system in compliance with the federal Safe Drinking Water Act, as amended in 1996, and KRS Chapter 151.

43. In order to comply with all applicable rules and regulations of the PSC, all Exhibits contained in the Exhibit Addendum attached hereto are incorporated herein by reference.

WHEREFORE, the DISTRICT respectfully requests that the PSC take the following actions:

- A. Approve the proposed adjustment of water service rates and charges to all customers;
- B. Authorize the DISTRICT to annually adjust rates in accordance with the Consumer Price Index for Urban Wage Earners and Clerical Workers (the CPI-W) published by the U.S. Department of Labor, Bureau of Labor Statistics for each of the next three (3) years; and
- C. Grant the DISTRICT any and all other proper relief.

This 3rd day of May, 2000.

Respectfully submitted,

**MUHLENBERG COUNTY WATER
DISTRICT**



**DAMON R. TALLEY
112 NORTH LINCOLN BLVD.
P. O. BOX 150
HODGENVILLE, KY 42748
(270) 358-3187
FAX: (270) 358-9560
COUNSEL FOR THE DISTRICT**

VERIFICATION

I, **JOSEPH L. HOLLAND**, being first duly sworn according to law, state that I am Chairman of the Board of Commissioners of the **MUHLENBERG COUNTY WATER DISTRICT**; that I have read the foregoing Petition and Application; and that the statements of fact set forth therein are true and accurate to the best of my knowledge and belief.

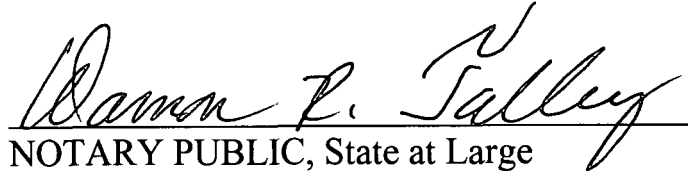
WITNESS my signature this 3rd day of May, 2000.


JOSEPH L. HOLLAND, CHAIRMAN

STATE OF KENTUCKY

COUNTY OF MUHLENBERG

SUBSCRIBED AND SWORN TO before me this 3rd day of May, 2000,
by **JOSEPH L. HOLLAND** in his capacity as Chairman of the Board of
Commissioners of the **MUHLENBERG COUNTY WATER DISTRICT**.


NOTARY PUBLIC, State at Large

MY COMMISSION EXPIRES: 6-9-2003

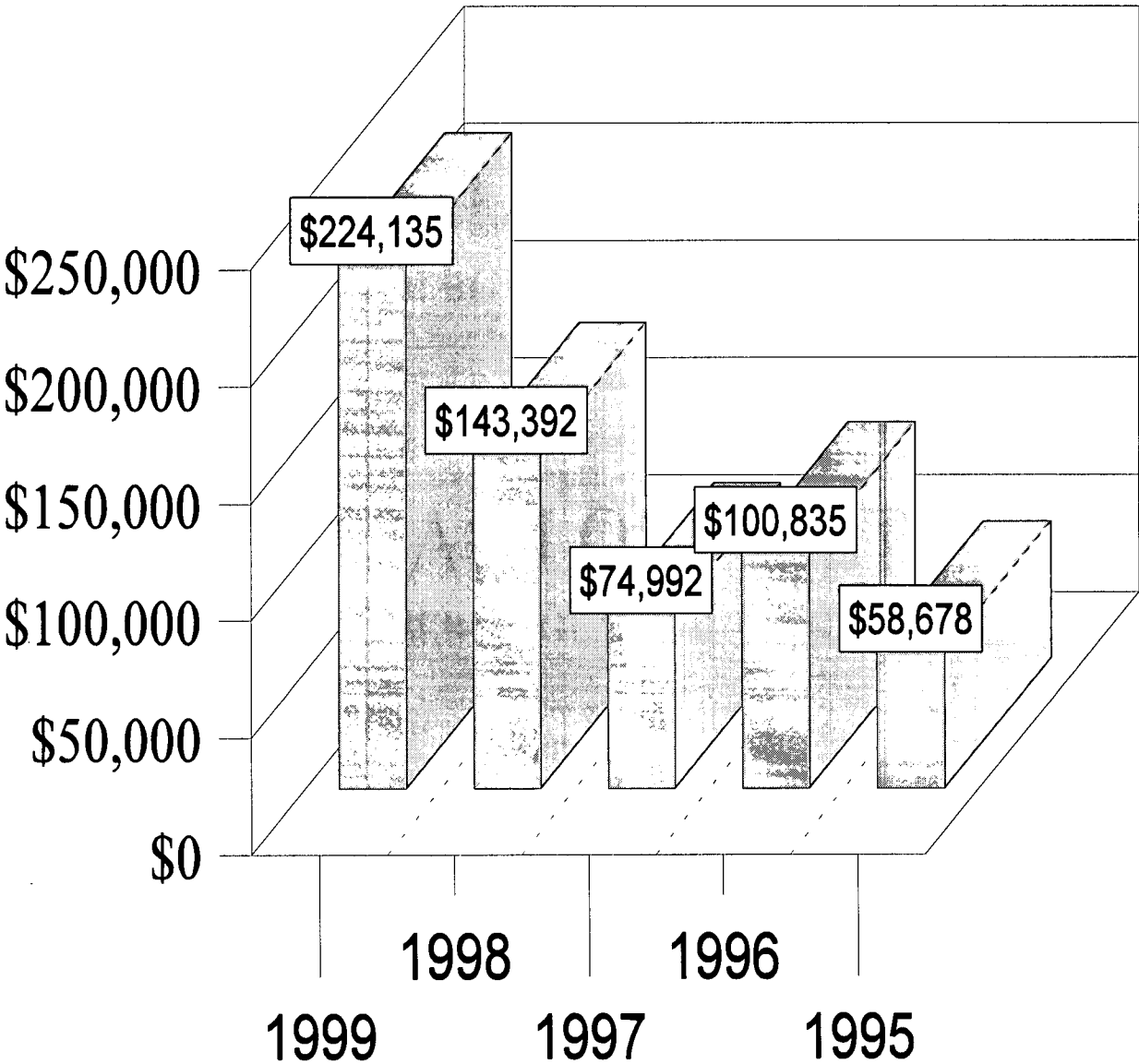
EXHIBIT LIST

MUHLENBERG COUNTY WATER DISTRICT

1. Financial Loss History
2. Notice of Intent to File Application for Rate Adjustment
3. PSC Acknowledgment Letter
4. Financial Exhibit
5. Schedule of Bonds Authorized & Issued
6. Income Statement
7. Balance Sheet
8. Utility Plant in Service (Property Schedule)
9. PSC Annual Report for 1999
10. Audit Report for 1998
11. Billing Analysis
12. Existing Debt Service Requirements
13. Five Year Average Annual Debt Service Requirement
14. Income and Expense Adjustments
15. Income Available for Debt Service
16. Revenue Requirements
17. Projected Revenues from Proposed Rates
18. Verification of Proposed Rates
19. Cash Flow Summary
20. Comparison of Current and Proposed Rates
21. Effect of Proposed Rates on Average Consumer Bill
22. Proposed Tariff
23. Proposed Tariff in Comparative Form
24. Notice to Customers
25. Affidavit of Publication & Tear Sheets

FINANCIAL LOSS HISTORY

MUHLENBERG COUNTY WATER DISTRICT



SOURCE: PSC ANNUAL REPORTS

DAMON R. TALLEY, P.S.C.

112 N. LINCOLN BLVD.
P.O. BOX 150
HODGENVILLE, KENTUCKY 42748

TEL. (270) 358-3187
FAX (270) 358-9560

DAMON R. TALLEY

ATTORNEY AT LAW

December 29, 1999

Ms. Helen C. Helton
Executive Director
Public Service Commission
P. O. Box 615
Frankfort, KY 40602

RE: Muhlenberg County Water District
Notice of Intent to File a Rate Application

Dear Ms. Helton:

The Muhlenberg County Water District hereby gives notice, pursuant to 807 KAR 5:001, Section 10(2), that it intends to file an application for an adjustment of its rates on or about January 31, 2000.

The application will be based on the 1998 historical test year.

A copy of this letter has been mailed to the Utility Intervention and Rate Division of the Office of the Attorney General.

Yours truly,

DAMON R. TALLEY, P.S.C.


DAMON R. TALLEY

DRT:jt

cc: Attorney General, Utility Intervention and Rate Division
Muhlenberg Co. Water District

Commonwealth of Kentucky
Before the Public Service Commission

RECEIVED

FEB 08 2000

PUBLIC SERVICE
COMMISSION

In the Matter of:)
MUHLENBERG COUNTY WATER DISTRICT) Case No. 99-512
APPLICATION FOR RATE ADJUSTMENT)

MOTION TO INTERVENE

Comes now the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, pursuant to KRS 367.150(8), and moves to intervene in the above-styled proceeding. The Attorney General requests that he be permitted to intervene as a party to the fullest extent permitted by law in order to execute his statutory duties pursuant to KRS 367.150(8).

Respectfully submitted,

A. B. CHANDLER III
ATTORNEY GENERAL

David Edward Spenard
David Edward Spenard
Assistant Attorney General
1024 Capital Center Drive
Frankfort, KY 40601-8204
502.696.5457

Certificate of Service and Filing

Counsel certifies that an original and ten photocopies of this Motion to Intervene were served and filed by hand delivery to Martin Huelsmann, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601; furthermore, it was served by mailing a true and correct copy of the same, first class postage prepaid, to, Larry Reno, P.O. Box 348, Greenville, Kentucky 42345 and Damon R. Talley, P.O. Box 150, Hodgenville, Kentucky 42748, all on this 8th day of February, 2000.

Dave E. ...
Assistant Attorney General



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

January 5, 2000

Larry Reno
Manager
Muhlenberg County Water District
P. O. Box 348
Greenville, KY. 42345

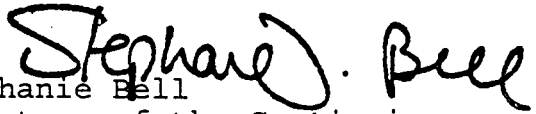
Honorable Damon R. Talley
Attorney at Law
112 North Lincoln Boulevard
P. O. Box 150
Hodgenville, KY. 42748

RE: Case No. 1999-512
MUHLENBERG COUNTY WATER DISTRICT
(Rates - General)

This letter is to acknowledge receipt of notice of intent to file a rate application in the above case. The notice was date-stamped received on December 30, 1999 and has been assigned Case No. 1999-512. In all future correspondence or filings made in connection with this case, please reference the above case number.

If I can be of any help on procedural matters, please feel free to contact me at 502/564-3940.

Sincerely,


Stephanie Bell
Secretary of the Commission

SB/jc

EXHIBIT 4
FINANCIAL EXHIBIT
FOR THE YEAR ENDED DECEMBER 31, 1999
MUHLENBERG COUNTY WATER DISTRICT

1. Amount and Types of Stock Authorized.

None.

2. Amount and Types of Stock Issued and Outstanding.

None.

3. Details of Preference Terms of Preferred Stock.

None

4. Mortgage Schedule.

No real estate mortgage has been executed by the District.

5. Schedule of Bonds Authorized and Issued.

See Exhibit 5 for details.

\$215,422 was paid in interest on these Bonds in 1999.

6. Schedule of Outstanding Notes.

None.

7. Other Indebtedness.

None except for routine, monthly expenses incurred in the ordinary course of business.

8. Dividends Paid.

None.

9. Income Statement and Balance Sheet.

The detailed Income Statement for the calendar year ended December 31, 1999 is attached as Exhibit 6.

The detailed Balance Sheet for the calendar year ended December 31, 1999 is attached as Exhibit 7.

SCHEDULE OF BONDS AUTHORIZED AND ISSUED
MUHLENBERG COUNTY WATER DISTRICT

(1)	(2)	(3)	(4)	(5)
DATE OF ISSUE	FACE VALUE	DATE OF MATURITY	INTEREST RATE	AMOUNT OF INTEREST 1999
1966 RD	\$1,126,000.	1/1/06	3.75%	\$13,125.
1978 RD	2,048,000.	1/1/18	5.0%	73,350.
1992 KACOLT*	147,000.	1/20/12	5.55%	6,272.
1995	2,355,000.	1/1/21	5.4% to 5.6%	<u>122,675</u>
TOTAL INTEREST PAID IN 1999				\$215,422.

* The "bond" issue designated as 1992 KACOLT is actually a 20 year lease with the Kentucky Association of Counties Leasing Trust which was facilitated by the Muhlenberg County Fiscal Court. For accounting purposes, the principal and interest components of the monthly "lease" payments are treated as payments on long term debt rather than rental payments.

COMPARATIVE OPERATING STATEMENT

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
	UTILITY OPERATING INCOME			
400	Operating Revenues.....	30	\$ 1,831,408	\$ 1,926,073
401	Operating Expenses.....	31	\$ 1,481,238	\$ 1,628,093
403	Depreciation Expenses.....		268,930	286,932
406	Amortization of Utility Plant Acquisition Adjustment.....			
407	Amortization Expense.....			
408.1	Taxes Other Than Income.....		38,182	41,719
	Utility Operating Expenses.....		\$ 1,788,350	\$ 1,956,744
	Utility Operating Income.....		\$ 43,058	\$ (30,671)
413	Income From Utility Plant Leased to Others.....			
414	Gains (Losses) From Disposition of Utility Property.....		5,103	
	Total Utility Operating Income.....		\$ 48,161	\$ (30,671)
	OTHER INCOME AND DEDUCTIONS			
415	Revenues From Merchandising, Jobbing and Contract Deductions.....		\$	\$
416	Costs and Expenses of Merchandising, Jobbing and Contract Work.....			
419	Interest & Dividend Income.....		35,566	27,291
420	Allowance for Funds Used During Construction.....			
421	Nonutility Income.....			
426	Miscellaneous Nonutility Expenses...			
	Total Other Income and Deductions...		\$ 35,566	\$ 27,291
	TAXES APPLICABLE TO OTHER INCOME			
408.20	Taxes Other Than Income.....		\$	\$
	Total Taxes Applic. to Other Income.		\$	\$

COMPARATIVE OPERATING STATEMENT (CONT'D)

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
	INTEREST EXPENSE			
427	Interest Expense.....		\$ 222,886	\$ 216,522
428	Amortization of Debt Discount & Exp.		4,233	4,233
429	Amortization of Premium on Debt.....			
	Total Interest Expense.....		\$ 227,119	\$ 220,755
	EXTRAORDINARY ITEMS			
433	Extraordinary Income.....		\$	\$
434	Extraordinary Deductions.....			
	Total Extraordinary Items.....		\$	\$
	NET INCOME.....		\$ (143,392)	\$ (224,135)

COMPARATIVE BALANCE SHEET - ASSETS AND OTHER DEBITS

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
UTILITY PLANT				
101-106	Utility Plant.....	13	\$ 9,741,788	\$ 9,936,074
108-110	Less: Accumulated Depreciation and Amortization.....	13-15	3,200,622	3,477,547
	Net Plant.....		\$ 6,541,166	\$ 6,458,527
114-115	Utility Plant Acquisition Adjustments (Net).....	15		
116	Other Utility Plant Adjustments.....			
	Total Net Utility Plant.....		\$ 6,541,166	\$ 6,458,527
OTHER PROPERTY AND INVESTMENTS				
121	Nonutility Property.....		\$	\$
122	Less: Accumulated Depreciation and Amortization.....			
	Net Nonutility Property.....		\$	\$
123	Investment in Associated Companies..	16		
124	Utility Investments.....	16		
125	Other Investments.....	16		
126-127	Special Funds.....	16	630,901	444,494
	Total Other Property & Investments..		\$ 630,901	\$ 444,494
CURRENT AND ACCRUED ASSETS				
131	Cash.....		\$ 32,206	\$ 16,121
132	Special Deposits.....			
133	Other Special Deposits.....			
134	Working Funds.....			
135	Temporary Cash Investments.....			
141-144	Accounts and Notes Receivable, Less Accumulated Provision for Uncollectible Accounts.....	17	24,140	22,593
145	Accounts Receivable from Associated Companies.....			
146	Notes Receivable from Associated Companies.....			
151-153	Materials and Supplies.....	18	33,168	34,523
161	Stores Expense.....			
162	Prepayments.....	18	10,150	1,444
171	Accrued Interest and Dividends Receivable.....			
172	Rents Receivable.....			
173	Accrued Utility Revenues.....			
174	Misc. Current and Accrued Assets....			
	Total Current and Accrued Assets....		\$ 99,664	\$ 74,681

COMPARATIVE BALANCE SHEET - ASSETS AND OTHER DEBITS (CONT'D)

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
	DEFERRED DEBITS			
181	Unamortized Debt Discount & Expense.	19	\$ 89,077	\$ 84,844
182	Extraordinary Property Losses.....	19		
183	Preliminary Survey & Investigation Charges.....			
184	Clearing Accounts.....			
185	Temporary Facilities.....			
186	Misc. Deferred Debits.....	18		
187	Research & Development Expenditures.			
	Total Deferred Debits.....		\$ 89,077	\$ 84,844
	TOTAL ASSETS AND OTHER DEBITS.....		\$ 7,360,808	\$ 7,062,546

NOTES TO THE BALANCE SHEET

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

COMPARATIVE BALANCE SHEET - EQUITY CAPITAL AND LIABILITIES

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
EQUITY CAPITAL				
214-215	Retained Earnings.....	23	\$ (255,416)	\$ (479,551)
	Total Equity Capital.....		\$ (255,416)	\$ (479,551)
LONG-TERM DEBT				
221	Bonds.....	22	\$ 4,027,000	\$ 3,884,000
222	Reacquired Bonds.....			
223	Advances from Associated Companies..			
224	Other Long-Term Debt.....	21	119,000	113,000
	Total Long-Term Debt.....		\$ 4,146,000	\$ 3,997,000
CURRENT AND ACCRUED LIABILITIES				
231	Accounts Payable.....		\$ 78,461	\$ 72,010
232	Notes Payable.....	24		
233	Accounts Payable to Associated Co...	24		
234	Notes Payable to Associated Co.....	24		
235	Customer Deposits.....		86,696	92,812
236	Accrued Taxes.....	25		
237	Accrued Interest.....	25		
239	Matured Long-Term Debt.....			
240	Matured Interest.....			
241	Tax Collections Payable.....			
242	Misc. Current & Accrued Liabilities.	26		
	Total Current and Accrued Liabilities.....		\$ 165,157	\$ 164,822
DEFERRED CREDITS				
251	Unamortized Premium on Debt.....	19	\$	\$
252	Advances for Construction.....	20		
253	Other Deferred Credits.....			
	Total Deferred Credits.....		\$	\$
OTHER NON-CURRENT LIABILITIES				
Accumulated Provision For:				
261	Property Insurance		\$	\$
262	Injuries and Damages			
263	Pensions and Benefits			
265	Miscellaneous Operating Reserves ...			
266	Rate Refunds			
	Total Other Non-Current Liabilities.		\$	\$

COMPARATIVE BALANCE SHEET - EQUITY CAPITAL AND LIABILITIES (CONT'D)

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
	CONTRIBUTIONS IN AID OF CONSTRUCTION			
271	Contributions In Aid of Construction	27-28	\$	\$
	Tap-on Fees - Customers		1,904,381	1,965,444
	Federal Grants in Aid of Const. ..		1,327,142	1,327,142
	Other		73,544	87,689
	Total C.I.A.C		\$ 3,305,067	\$ 3,380,275
	TOTAL EQUITY CAPITAL AND LIABILITIES		\$ 7,360,808	\$ 7,062,546

NET UTILITY PLANT (ACCTS. 101 - 106)

ACCT. NO.	PLANT ACCOUNTS	TOTAL
101	Utility Plant in Service	\$ 9,936,074
102	Utility Plant Leased to Others.....	
103	Property Held for Future Use.....	
104	Utility Plant Purchased of Sold.....	
105	Construction Work in Progress.....	
106	Completed Construction Not Classified.....	
	Total Utility Plant.....	\$ 9,936,074

ACCUMULATED DEPRECIATION (ACCT. 108)

DESCRIPTION	TOTAL
Balance first of year.....	\$ 3,200,622
Credit during year:	
Accruals Charged to Account 108.1.....	286,932
Accruals Charged to Account 108.2.....	
Accruals Charged to Account 108.3.....	
Accruals Charged to Other Accounts (specify)	

Salvage.....	
Other Credits (specify)	

Total Credits.....	\$ 286,932
Debits during year:	
Book Cost of Plant Retired.....	\$ 10,007
Cost of Removal.....	
Other Debits (specify)	

Total Debits.....	\$ 10,007
Balance end of year.....	\$ 3,477,547

ANALYSIS OF ACCUMULATED DEPRECIATION AND AMORTIZATION BY PRIMARY ACCOUNT

ACCT. NO. (a)	ACCOUNT (b)	BALANCE BEGINNING OF YEAR (c)	CREDITS DURING THE YEAR CHARGES TO DEP. EXP. (d)	OTHER CREDITS (e)	CHARGES DURING THE YEAR PLANT RETIREMENTS (f)	OTHER CHARGES (g)	BALANCE END OF YEAR (h)
301	Organization.....	\$	\$	\$	\$	\$	\$
302	Franchises.....						
303	Limited Term Interest in Land and Land Rights.....						
304	Structures & Improvements..	120,110	15,889				135,999
305	Collecting and Impounding Reservoirs.....						
306	Lake River & Other Intakes.						
307	Wells and Springs.....						
309	Supply Mains.....						
310	Power Generating Equipment.						
311	Pumping Equipment.....						
320	Water Treatment Equipment..						
330	Distribution Reservoirs and Standpipes.....						
331	Transmission & Distribution Mains.....	2,667,501	187,378				2,854,879
333	Services.....						
334	Meters and Meter Installations.....						
335	Hydrants.....						
339	Other Plant & Miscellaneous Equipment.....	108,388	12,459				120,847
340	Office Furniture and Equip.	107,076	8,586				115,662
341	Transportation Equipment...	120,313	45,411		10,007		155,717
343	Tools, Shop & Garage Equip.						
345	Power Operated Equipment...	77,234	17,209				94,443
348	Other Tangible Plant.....						
	TOTALS	\$ 3,200,622	\$ 286,932	\$	\$ 10,007	\$	\$ 3,477,547

CLASS "A & B"
WATER DISTRICTS & ASSOCIATIONS
ANNUAL REPORT
OF

MUHLENBERG COUNTY WATER DISTRICT
Exact Legal Name of Respondent

For the
YEAR ENDED DECEMBER 31, 19 99

CHECKLIST FOR THE ANNUAL REPORT
FOR A AND B WATER DISTRICTS AND WATER ASSOCIATIONS
TO BE COMPLETED AND RETURNED WITH THE ANNUAL REPORT

<u>Page No.</u>	<u>Account No.</u>	<u>Page No.</u>	Yes	No	<u>If No, Explain Why</u>
4-6	The identification pages have been completed.		X		
7	101-106 agrees with	13 Total 101-106	X		
7	108-110 agrees with	14 Total 301-348 Cols c & h	X		
7	114-115 agrees with	15 Net Balance 114-115			N/A
7	123 agrees with	16 Total 123			N/A
7	124 agrees with	16 Total 124			N/A
7	125 agrees with	16 Total 125			N/A
7	126-127 agrees with	16 Total 126-127	X		
7	141-144 agrees with	17 Net Balance 141-144	X		
7	151-153 agrees with	18 Total 151-153	X		
7	162 agrees with	18 Total 162	X		
8	181 agrees with	19 Total 181	X		
8	182 agrees with	20 Total 182			N/A
8	186 agrees with	19 Total 186			N/A
9	214-215 agrees with	23 Total 214-215	X		
9	221 agrees with	22 Total Line 10 Col 4	X		
9	221 agrees with	22 Total Col 12	X		
9	224 agrees with	21 Total Col d	X		
9	232 agrees with	24 Total 232			N/A
9	233 agrees with	24 Total 233			N/A

CHECKLIST FOR THE ANNUAL REPORT
FOR A AND B WATER DISTRICTS AND WATER ASSOCIATIONS
TO BE COMPLETED AND RETURNED WITH THE ANNUAL REPORT

Page No.	Account No.	Page No.	If No, Explain Why	Yes	No
9	234 agrees with	24 Total 234			N/A
9	236 agrees with	25 Beginning & Ending Balance 236			N/A
9	237 agrees with	25 Total 237 Cols b & e			N/A
9	242 agrees with	26 Total 242			N/A
9	251 agrees with	19 Total 251			N/A
9	252 agrees with	20 Total 252			N/A
10	271 agrees with	27 Beginning & Ending Balance 271		X	
11	400 agrees with	29 Total Water Operating Rev Col e		X	
11	401 agrees with	30 Total 601-675 Col c		X	
11	406 agrees with	15 Total Accumulated Amortization 115			N/A
11	408.1 agrees with	25 Total Taxes Accrued 408.10-408.20		X	
12	427 agrees with	25 Total Col c		X	
12	Net Income agrees with	23 Balance Trans. From Inc Col c		X	
13	101 agrees with	28 Total Water Plant Col f		X	
14	The analysis of accumulated depreciation and amortization by primary account has been completed.			X	
19	186.1 agrees with	27 Total 186.1 Col c			N/A
21	Schedule of Long-Term Debt has been completed.			X	
22	Schedule of Bond Maturities has been completed.			X	

CHECKLIST FOR THE ANNUAL REPORT
FOR A AND B WATER DISTRICTS AND WATER ASSOCIATIONS
TO BE COMPLETED AND RETURNED WITH THE ANNUAL REPORT

<u>Page No.</u>	<u>Account No.</u>	<u>Page No.</u>	<u>Yes</u>	<u>No</u>	<u>If No, Explain Why</u>
28	The analysis of water utility plant accounts Cols c through k has been completed.		X		
29	Taxes collected (example: school tax, sales tax, franchise tax) have been excluded from Operating Revenue.		X		
29	The analysis of water operating revenue Cols c, d, and e has been completed.		X		
30	The analysis of water utility expense accounts Cols c through k has been completed.		X		
31	Schedule of Pumping and Purchased Water Statistics has been completed.		X		
32	466 Total Gal agrees with 33 Sales for Resale (466)		X		
32	Line 13 agrees with 32 Line 4 Total Produced and Purchased		X		
	Oath page has been completed.		X		

PUBLIC SERVICE COMMISSION OF KENTUCKY
PRINCIPAL PAYMENT AND INTEREST INFORMATION
FOR THE YEAR ENDING DECEMBER 31, 19 99

1. Amount of Principal Payment during calendar year \$ 149,000
2. Is Principal current? (Yes) YES (No) _____
3. Is Interest current? (Yes) YES (No) _____
4. Has all long-term debt been approved by the Public Service Commission?
(Yes) YES (No) _____ PSC Case No. _____

SERVICES PERFORMED BY
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

Are the financial statements examined by a Certified Public Accountant? (Yes) YES (No) _____

If yes, which service is performed?

Audit AUDIT

Compilation _____

Review _____

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

TABLE OF CONTENTS

FINANCIAL SECTION	Page	WATER OPERATING SECTION	Page
Identification	4-6	Water Utility Plant Accounts	29
Comparative Balance Sheet - Assets and Other Debits	7-8	Water Operating Revenue	30
Comparative Balance Sheet - Equity Capital and Liabilities	9-10	Water Utility Expense Accounts	31
Comparative Operating Statement	11-12		
Net Utility Plant	13	Pumping & Purchased Water	
Accumulated Depreciation	13	Statistics	32
Analysis of Accumulated Depreciation by Primary Account	14		
Accumulated Amortization	15		
Utility Plant Acquisition Adjustments	15		
Investments and Special Funds	16		
Accounts and Notes Receivable - Net	17		
Materials and Supplies	18		
Prepayments	18		
Miscellaneous Deferred Debits	18		
Unamortized Debt Discount and Expense and Premium on Debt	19		
Extraordinary Property Losses	19		
Advances for Construction	20		
Long Term Debt	21		
Bonds and Maturities	22		
Statement of Retained Earnings	23		
Notes Payable	24		
Accounts Payable to Associated Co.	24		
Taxes Accrued	25		
Accrued Interest	25		
Misc. Current & Accrued Liabilities	26		
Regulatory Commission Expense - Amortization of Rate Case Expense	26		
Contributions in Aid of Construction	27		
Additions to CIAC Received from Capacity Charges, Main Extension Charges and Customer Connection Charges	27		
Additions to CIAC Received from All Developers or Contractors Agreements	28		

HISTORY

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

MUHLENBERG COUNTY WATER DISTRICT

2. Give the location including city, street and number, of the executive office.

DEAN ROAD

P.O. BOX 348

GREENVILLE, KY 42345. (270) 338-1300

3. Give the location, including street and number, and TELEPHONE NUMBER of the principal office in Kentucky.

DEAN ROAD

P.O. BOX 348

GREENVILLE, KY 42345 (270) 338-1300

4. Name and address of principal officer within Kentucky.

CHAIRMAN: JOSEPH HOLLAND

WHITE DRIVE, BEECHMONT, KY 42323

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

MUHLENBERG COUNTY WATER DISTRICT

BECKY WRIGHT, OFFICE MANAGER

P.O. BOX 348 PHONE: (270) 338-1300

GREENVILLE, KY 42345

6. Date of organization.

JULY 1962

7. Under the laws of what Government, State or Territory organized? (If more than one, name all. Give reference to each statute and amendments thereof.)

MUHLENBERG COUNTY, KENTUCKY

8. If a consolidated or merger company, name all contingent and all merged companies. Give reference to charters or general laws governing each, and all amendments of same. N/A

9. Date and authority for each consolidation and each merger. N/A

10. State whether respondent is a corporation, a joint stock association, a firm or partnership, or an individual.
NON-PROFIT AS A PART OF MUHLENBERG
COUNTY GOVERNMENT

11. If a reorganized company, give name of original corporation, refer to laws under which it was organized and the occasion for the reorganization.
N/A

12. Name all other operating departments.
N/A

13. Name of counties in which you furnish water service.
MUHLENBERG

REPORT OF

MUHLENBERG COUNTY WATER DISTRICT

For Year Ended 1999

Location where books and records are located: 301 DEAN ROAD

Contacts:

Name	Title	Address	Salary Charged Utility	Current Term Expires
Person to send correspondence: REBECCA WRIGHT	OFFICE MANAGER	P.O. BOX 348 GREENVILLE, KY 42345	xxxxxxx	xxxxxxx
Person who prepared this report: CHARLES R. LEWIS,	CPA	P.O. BOX 815 GREENVILLE, KY 42345	xxxxxxx	xxxxxxx
Officers & Managers:				
JOSEPH HOLLAND	CHAIRMAN	84 WHITE DRIVE BEECHMONT, KY 42323	\$ 3,600	07-24-2001
BOBBY CREAGER	TREASURER	211 SUNSET DRIVE CENTRAL CITY, KY 42330	\$ 3,800	07-24-2000
BILLY STEELE	SECRETARY	374 WHISPERING HILLS GREENVILLE, KY 42345	\$ 3,600	12-31-2001
BRENT YONTS	ATTORNEY	MILL STREET GREENVILLE, KY 42345	\$ 4,800	N/A
TOMMY WOODRUFF	SUPERINTEND	207 WOODRUFF LAND BEECH CREEK, KY 42321	\$ 34,555	N/A

COMPARATIVE BALANCE SHEET - ASSETS AND OTHER DEBITS

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
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COMPARATIVE BALANCE SHEET - ASSETS AND OTHER DEBITS (CONT'D)

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	Total Current and Accrued Liabilities.....		\$ 165,157	\$ 164,822
DEFERRED CREDITS				
251	Unamortized Premium on Debt.....	19	\$	\$
252	Advances for Construction.....	20		
253	Other Deferred Credits.....			
	Total Deferred Credits.....		\$	\$
OTHER NON-CURRENT LIABILITIES				
Accumulated Provision For:				
261	Property Insurance		\$	\$
262	Injuries and Damages			
263	Pensions and Benefits			
265	Miscellaneous Operating Reserves ...			
266	Rate Refunds			
	Total Other Non-Current Liabilities.		\$	\$

COMPARATIVE BALANCE SHEET - EQUITY CAPITAL AND LIABILITIES (CONT'D)

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
	CONTRIBUTIONS IN AID OF CONSTRUCTION			
271	Contributions In Aid of Construction	27-28	\$	\$
	Tap-on Fees - Customers		<u>1,904,381</u>	<u>1,965,444</u>
	Federal Grants in Aid of Const. ..		<u>1,327,142</u>	<u>1,327,142</u>
	Other		<u>73,544</u>	<u>87,689</u>
	Total C.I.A.C		\$ <u>3,305,067</u>	\$ <u>3,380,275</u>
	TOTAL EQUITY CAPITAL AND LIABILITIES		\$ <u>7,360,808</u>	\$ <u>7,062,546</u>

COMPARATIVE OPERATING STATEMENT

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
	UTILITY OPERATING INCOME			
400	Operating Revenues.....	30	\$ 1,831,408	\$ 1,926,073
401	Operating Expenses.....	31	\$ 1,481,238	\$ 1,628,093
403	Depreciation Expenses.....		268,930	286,932
406	Amortization of Utility Plant Acquisition Adjustment.....			
407	Amortization Expense.....			
408.1	Taxes Other Than Income.....		38,182	41,719
	Utility Operating Expenses.....		\$ 1,788,350	\$ 1,956,744
	Utility Operating Income.....		\$ 43,058	\$ (30,671)
413	Income From Utility Plant Leased to Others.....			
414	Gains (Losses) From Disposition of Utility Property.....		5,103	
	Total Utility Operating Income.....		\$ 48,161	\$ (30,671)
	OTHER INCOME AND DEDUCTIONS			
415	Revenues From Merchandising, Jobbing and Contract Deductions.....		\$	\$
416	Costs and Expenses of Merchandising, Jobbing and Contract Work.....			
419	Interest & Dividend Income.....		35,566	27,291
420	Allowance for Funds Used During Construction.....			
421	Nonutility Income.....			
426	Miscellaneous Nonutility Expenses...			
	Total Other Income and Deductions...		\$ 35,566	\$ 27,291
	TAXES APPLICABLE TO OTHER INCOME			
408.20	Taxes Other Than Income.....		\$	\$
	Total Taxes Applic. to Other Income.		\$	\$

COMPARATIVE OPERATING STATEMENT (CONT'D)

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
	INTEREST EXPENSE			
427	Interest Expense.....		\$ 222,886	\$ 216,522
428	Amortization of Debt Discount & Exp.		<u>4,233</u>	<u>4,233</u>
429	Amortization of Premium on Debt.....			
	Total Interest Expense.....		\$ 227,119	\$ 220,755
	EXTRAORDINARY ITEMS			
433	Extraordinary Income.....		\$	\$
434	Extraordinary Deductions.....			
	Total Extraordinary Items.....		\$	\$
	NET INCOME.....		\$ (143,392)	\$ (224,135)

NET UTILITY PLANT (ACCTS. 101 - 106)

ACCT. NO.	PLANT ACCOUNTS	TOTAL
101	Utility Plant in Service	\$ 9,936,074
102	Utility Plant Leased to Others.....	
103	Property Held for Future Use.....	
104	Utility Plant Purchased of Sold.....	
105	Construction Work in Progress.....	
106	Completed Construction Not Classified.....	
	Total Utility Plant.....	\$ 9,936,074

ACCUMULATED DEPRECIATION (ACCT. 108)

DESCRIPTION	TOTAL
Balance first of year.....	\$ 3,200,622
Credit during year:	
Accruals Charged to Account 108.1.....	286,932
Accruals Charged to Account 108.2.....	
Accruals Charged to Account 108.3.....	
Accruals Charged to Other Accounts (specify)	

Salvage.....	
Other Credits (specify)	

Total Credits.....	\$ 286,932
Debits during year:	
Book Cost of Plant Retired.....	\$ 10,007
Cost of Removal.....	
Other Debits (specify)	

Total Debits.....	\$ 10,007
Balance end of year.....	\$ 3,477,547

ANALYSIS OF ACCUMULATED DEPRECIATION AND AMORTIZATION BY PRIMARY ACCOUNT

ACCT. NO.	ACCOUNT (b)	BALANCE BEGINNING OF YEAR (c)	CREDITS DURING THE YEAR			CHARGES DURING THE YEAR		BALANCE END OF YEAR (h)
			CHARGES TO DEP. EXP. (d)	OTHER CREDITS (e)	PLANT RETIREMENTS (f)	OTHER CHARGES (g)		
301	Organization.....	\$	\$	\$	\$	\$	\$	
302	Franchises.....							
303	Limited Term Interest in Land and Land Rights.....							
304	Structures & Improvements...	120,110	15,889				135,999	
305	Collecting and Impounding Reservoirs.....							
306	Lake River & Other Intakes.							
307	Wells and Springs.....							
309	Supply Mains.....							
310	Power Generating Equipment.							
311	Pumping Equipment.....							
320	Water Treatment Equipment..							
330	Distribution Reservoirs and Standpipes.....							
331	Transmission & Distribution Mains.....	2,667,501	187,378				2,854,879	
333	Services.....							
334	Meters and Meter Installations.....							
335	Hydrants.....							
339	Other Plant & Miscellaneous Equipment.....	108,388	12,459				120,847	
340	Office Furniture and Equip.	107,076	8,586				115,662	
341	Transportation Equipment...	120,313	45,411		10,007		155,717	
343	Tools, Shop & Garage Equip.							
345	Power Operated Equipment...	77,234	17,209				94,443	
348	Other Tangible Plant.....							
	TOTALS	\$ 3,200,622	\$ 286,932	\$	\$ 10,007	\$	\$ 3,477,547	

ACCUMULATED AMORTIZATION (ACCT. 110)

DESCRIPTION	TOTAL
Balance first of year.....	\$ N/A
Credit during year:	
Accruals Charged to Account 110.1.....	
Accruals Charged to Account 110.2.....	
Other Credits (specify)	
.....	
.....	
Total Credits.....	\$
Debits during year:	
Book Cost of Plant Retired.....	\$
Other Debits (specify)	
.....	
.....	
Total Debits.....	\$
Balance end of year.....	\$ N/A

UTILITY PLANT ACQUISITION ADJUSTMENTS (ACCTS. 114 - 115)

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

ACCOUNT NAME	TOTAL
Acquisition Adjustments (114)	
.....	\$ N/A
.....	
.....	
.....	
Total Plant Acquisition Adjustments.....	\$
Accumulated Amortization (115)	
.....	\$
.....	
.....	
Total Accumulated Amortization.....	\$
Net Acquisition Adjustments.....	\$ N/A

INVESTMENTS AND SPECIAL FUNDS (ACCTS. 123 - 127)

Report hereunder all investments and special funds carried in Accounts 123 thru 127.

DESCRIPTION OF SECURITY OR SPECIAL FUND (a)	FACE OR PAR VALUE (b)	YEAR END BOOK COST (c)
INVESTMENT IN ASSOCIATED COMPANIES (ACCT. 123):		
.....	\$	\$
.....		
.....		
.....		
Total Investment in Associated Companies.....		\$
UTILITY INVESTMENTS (ACCT. 124):		
.....	\$	\$
.....		
.....		
.....		
Total Utility Investments.....		\$
OTHER INVESTMENTS (ACCT. 125):		
.....		
.....		
.....		
Total Other Investments.....		\$
SPECIAL FUNDS (ACCTS. 126 & 127):		
DEPOSIT FUNDS	76,841	76,841
BOND & INTEREST SINKING FUNDS	225,278	225,278
DEPRECIATION FUNDS	142,375	142,375
.....		
Total Special Funds.....		\$ 444,494

ACCOUNTS AND NOTES RECEIVABLE - NET (ACCOUNTS 141 - 144)

Report hereunder all accounts and notes receivable included in Accounts 141, 142 and 144. Amounts included in Accounts 142 and 144 should be listed individually.

DESCRIPTION	TOTAL
ACCOUNTS & NOTES RECEIVABLE:	
Customer Accounts Receivable (Acct. 141).....	\$ 18,490
Other Accounts Receivable (Acct. 142)	
CITY OF DRAKESBORO	\$ 4,103
_____	_____
_____	_____
_____	4,103
Notes Receivable (Acct. 144)	
_____	\$ _____
_____	_____
_____	_____
_____	_____
_____	_____
Total Accounts and Notes Receivable.....	\$ 22,593
Accumulated Provision for Uncollectible Accounts (Acct. 143):	
Balance first of year.....	\$ _____
Add: Provision for uncollectibles for	
current year.....	\$ _____
Collections of accounts previously	
written off.....	_____
Utility accounts.....	_____
Others.....	_____
_____	_____
Total Additions.....	\$ _____
Deduct accounts written off during year:	
Utility Accounts.....	\$ _____
Other.....	_____
_____	_____
Total accounts written off.....	\$ _____
Balance end of year.....	\$ _____
Total Accounts and Notes Receivable - Net.....	\$ 22,593

MATERIALS AND SUPPLIES (151 - 153)

ACCOUNT NAME	TOTAL
Plant Materials and Supplies (Account 151).....	\$ 34,523
Merchandise (Account 152).....	
Other Materials and Supplies (Account 153).....	
Total Materials and Supplies.....	\$ 34,523

PREPAYMENTS (ACCT. 162)

DESCRIPTION	TOTAL
Prepaid Insurance.....	\$ 1,444
Prepaid Rents.....	
Prepaid Interest.....	
Prepaid Taxes.....	
Other Prepayments (Specify)	

Total Prepayments.....	1,444

MISCELLANEOUS DEFERRED DEBITS (ACCT. 186)

DESCRIPTION	TOTAL
Miscellaneous Deferred Debits (Acct. 186):	
Deferred Rate Case Expense (Acct. 186.1).....	\$
Other Deferred Debits (Acct. 186.2).....	
Total Miscellaneous Deferred Debits.....	\$ N/A

UNAMORTIZED DEBT DISCOUNT AND EXPENSE AND PREMIUM ON DEBT (ACCTS. 181 & 251)

Report the net discount and expense or premium separately for each security issue.

DESCRIPTION	AMOUNT WRITTEN OFF DURING YEAR	YEAR END BALANCE
Unamortized Debt Discount and Expense (Acct. 181):		
.....	\$ 4,233	\$ 84,844
.....		
.....		
.....		
Total Unamortized Debt Discount and Expense.....	\$ 4,233	\$ 84,844
Unamortized Premium on Debt (Acct. 251):		
.....	\$	\$
.....		
.....		
.....		
Total Unamortized Premium on Debt.....	\$ N/A	\$ N/A

EXTRAORDINARY PROPERTY LOSSES (ACCT. 182)

Report each item separately.

DESCRIPTION	TOTAL
Extraordinary Property Losses (Acct. 182):	
.....	\$
.....	
.....	
.....	
Total Extraordinary Property Losses.....	\$ NONE

ADVANCES FOR CONSTRUCTION (ACCT. 252)

DESCRIPTION	TOTAL
Balance first of year.....	
Add credits during year.....	
Deduct charges during year.....	
Balance end of year.....	NONE

ACCOUNT 221, BONDS

Line No.	Par Value of Actual Issue (1)	Cash Realized on Actual Issue (2)	Par Value of Amount Held by or for Respondent (3)	Actually Outstanding At Close of Year (4)	Interest During Year	
					Accrued (5)	Actually Paid (6)
1	1,126,000	1,126,000		310,000	13,125	13,125
2	2,048,000	2,048,000		1,419,000	73,350	73,350
3	2,355,000	2,355,000		2,155,000	122,675	122,675
4						
5						
6						
7						
8						
9						
10 Total	5,529,000	5,529,000		3,884,000	209,150	209,150

SCHEDULE OF BOND MATURITIES

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

Line No.	Bond Numbers (7)	Maturity Date (8)	Interest Rate (9)	Principal Amount (10)	Amounts Paid (11)	Remaining Bonds Outstanding (12)
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13			SEE	ATTACHED	SCHEDULES	
14						
15				22A, 22B, 22C		
16						
17						
18						
19						
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39						
40						
TOTAL						

ACCOUNT 211, BONDS

Line No.	Face Value of Actual Issues (11)	Cash Collected on Actual Issues (12)	Face Value of Amount Sold by us (or Issuance) (13)	Actually Outstanding at Close of Year (14)	Interest During Year	
					Agreed (15)	Actually Paid (16)
1						
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7						
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98						
99						
100						
TOTAL						

SCHEDULE OF BOND MATURITIES

Line No.	Bond Maturity (17)	Maturity Date (18)	The total of column 17 must agree with the total of column 11		Amount Paid (19)	Amounts Due Outstanding (20)
			Interest Rate (21)	Principal Amount (22)		
1	001	1-1-70	3.75%	6,000	6,000	
2	002	1-1-71	"	10,000	10,000	
3	003	1-1-72	"	10,000	10,000	
4	004-005	1-1-73	"	20,000	20,000	
5	006-007	1-1-74	"	20,000	20,000	
6	008-009	1-1-75	"	20,000	20,000	
7	010-011	1-1-76	"	20,000	20,000	
8	012-013	1-1-77	"	20,000	20,000	
9	014-015	1-1-78	"	20,000	20,000	
10	016-017	1-1-79	"	20,000	20,000	
11	018-019	1-1-80	"	20,000	20,000	
12	020-021	1-1-81	"	20,000	20,000	
13	022-023	1-1-82	"	20,000	20,000	
14	024-025	1-1-83	"	20,000	20,000	
15	026-027	1-1-84	"	20,000	20,000	
16	028-030	1-1-85	"	30,000	30,000	
17	031-033	1-1-86	"	30,000	30,000	
18	034-036	1-1-87	"	30,000	30,000	
19	037-039	1-1-88	"	30,000	30,000	
20	040-042	1-1-89	"	30,000	30,000	
21	043-045	1-1-90	"	30,000	30,000	
22	046-048	1-1-91	"	30,000	30,000	
23	049-051	1-1-92	"	30,000	30,000	
24	052-054	1-1-93	"	30,000	30,000	
25	055-058	1-1-94	"	40,000	40,000	
26	059-062	1-1-95	"	40,000	40,000	
27	063-066	1-1-96	"	40,000	40,000	
28	067-070	1-1-97	"	40,000	40,000	
29	071-074	1-1-98	"	40,000	40,000	
30	075-078	1-1-99	"	40,000	40,000	
31	079-082	1-1-2000	"	40,000	40,000	
32	083-087	1-1-01	"	50,000		50,000
33	088-092	1-1-02	"	50,000		50,000
34	093-097	1-1-03	"	50,000		50,000
35	098-102	1-1-04	"	50,000		50,000
36	103-107	1-1-05	"	50,000		50,000
37	108-113	1-1-06	"	60,000		60,000
38						
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TOTAL				1,126,000	816,000	310,000

ACCOUNT 221, BONDS

Line No.	Par Value of Actual Issues	Cash Received on Actual Issues	Par Value of Amounts Paid Up or (for Accruals)	Actually Outstanding At Close of Year	Interest Period	
					Amount	Actually Paid
1						
2						
3						
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100						
TOTAL						

SCHEDULE OF BOND MATURITIES

(The total of column (1) over years with the total of column (3))

Line No.	Bond Maturity	Maturity Date	Interest Rate	Principal Amount	Amounts Paid	Amounts Outstanding
1		Jan. 1, 1981	5%	19,000	19,000	
2		1982	"	20,000	20,000	
3		1983	"	21,000	21,000	
4		1984	"	22,000	22,000	
5		1985	"	23,000	23,000	
6		1986	"	24,000	24,000	
7		1987	"	25,000	25,000	
8		1988	"	27,000	27,000	
9		1989	"	28,000	28,000	
10		1990	"	30,000	30,000	
11		1991	"	31,000	31,000	
12		1992	"	32,000	32,000	
13		1993	"	34,000	34,000	
14		1994	"	36,000	36,000	
15		1995	"	38,000	38,000	
16		1996	"	39,000	39,000	
17		1997	"	41,000	41,000	
18		1998	"	44,000	44,000	
19		1999	"	46,000	46,000	
20		2000	"	48,000	48,000	
21		2001	"	50,000		50,000
22		2002	"	53,000		53,000
23		2003	"	56,000		56,000
24		2004	"	58,000		58,000
25		2005	"	61,000		61,000
26		2006	"	64,000		64,000
27		2007	"	68,000		68,000
28		2008	"	71,000		71,000
29		2009	"	75,000		75,000
30		2010	"	78,000		78,000
31		2011	"	82,000		82,000
32		2012	"	86,000		86,000
33		2013	"	91,000		91,000
34		2014	"	95,000		95,000
35		2015	"	100,000		100,000
36		2016	"	105,000		105,000
37		2017	"	110,000		110,000
38		2018	"	116,000		116,000
39						
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97						
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99						
100						
TOTAL				2,048,000	629,000	1,419,000

ACCOUNT 221, BONDS

	Par Value of Actual Issue (1)	Cash Realized on Actual Issue (2)	Par Value of Amount Paid by or for Acquisition (3)	Actually Outstanding At Close of Year (4)	Interest During Year	
					Accrued (5)	Actually Paid (6)
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
TOTAL						

SCHEDULE OF BOND MATURITIES

(The total of column 12 must agree with the total of column 1)

Line No.	Bond Numbers (7)	Maturity Date (8)	Interest Rate (9)	Principal Amount (10)	Amounts Paid (11)	Remaining Bonds Outstanding (12)
1		1-1-96	5.40%	5,000	5,000	
2		1-1-97	"	45,000	45,000	
3		1-1-98	"	45,000	45,000	
4		1-1-99	5.50%	50,000	50,000	
5		1-1-2000	"	55,000	55,000	
6		1-1-01	"	55,000		55,000
7		1-1-02	"	60,000		60,000
8		1-1-03	"	60,000		60,000
9		1-1-04	"	65,000		65,000
10		1-1-05	"	70,000		70,000
11		1-1-06	"	75,000		75,000
12		1-1-07	"	80,000		80,000
13		1-1-08	"	85,000		85,000
14		1-1-09	"	85,000		85,000
15		1-1-10	"	90,000		90,000
16		1-1-11	"	95,000		95,000
17		1-1-12	"	100,000		100,000
18		1-1-13	"	110,000		110,000
19		1-1-14	5.60%	115,000		115,000
20		1-1-15	"	120,000		120,000
21		1-1-16	"	130,000		130,000
22		1-1-17	"	135,000		135,000
23		1-1-18	"	145,000		145,000
24		1-1-19	"	150,000		150,000
25		1-1-20	"	160,000		160,000
26		1-1-21	"	170,000		170,000
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
TOTAL				2,355,000	200,000	2,155,000

STATEMENT OF RETAINED EARNINGS

ACCT. NO. (a)	(b)	AMOUNTS (c)
215	Unappropriated Retained Earnings:	
	Balance beginning of year.....	\$ (255,416)
	Changes to account:	
439	Adjustments to Retained Earnings (requires Commission approval prior to use):	
	Credits.....	\$
	Total Credits.....	\$
	Debits.....	\$
	Total Debits.....	\$
435	Balance Transferred from Income.....	\$ (224,135)
436	Appropriations of Retained Earnings:	
	\$
	Total Appropriations of Retained Earnings.....	\$
	Balance end of year.....	\$ (479,551)
214	Appropriated Retained Earnings (state balance and purpose of each appropriated amount at year end):	
	\$
	\$
	Total Appropriated Retained Earnings.....	\$
	Total Retained Earnings.....	\$ (479,551)
Notes to Statement of Retained Earnings: ..		

NOTES PAYABLE (ACCOUNTS 232 & 234)

(a)	NOMINAL DATE OF ISSUE (b)	DATE OF MATURITY (c)	INTEREST		PRINCIPAL AMOUNT PER BALANCE SHEET (f)
			RATE (d)	AMOUNT OF PAYMENT (e)	
Account 232 - Notes Payable:				\$	\$
Total Account 232.....				\$	\$
Account 234 - Notes Payable To Associated Companies:				\$	\$
Total Account 234.....				\$	\$ NONE

ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES (ACCOUNT 233)

SHOW PAYABLE TO EACH ASSOCIATED COMPANY SEPARATELY	AMOUNT
	\$
Total.....	\$ NONE

TAXES ACCRUED (ACCOUNT 236)

ACCT. NO. (a)	DESCRIPTION (b)	TOTAL (c)
	Balance first of year.....	\$ -0-
	Accruals Charged:	
408.10	Utility regulatory assessment fees.....	3,053
408.11	Property taxes.....	
408.12	Payroll taxes.....	38,666
408.13	Other taxes and licenses.....	
408.20	Taxes other than income, other income and deductions	
	Total taxes accrued.....	\$ 41,719
	Taxes paid during year:	
408.10	Utility regulatory assessment fees.....	3,053
408.11	Property taxes.....	
408.12	Payroll taxes.....	38,666
408.13	Other taxes and licenses.....	
408.20	Taxes other than income, other income and deductions	
	Total taxes paid.....	\$ 41,719
	Balance end of year.....	\$ -0-

ACCRUED INTEREST (ACCOUNT 237)

DESCRIPTION OF DEBT (a)	BALANCE BEGINNING OF YEAR (b)	INTEREST ACCRUED DURING YEAR (c)	INTEREST PAID DURING YEAR (d)	BALANCE END OF YEAR (e)
Account No. 237.1 - Accrued Interest on Long-Term Debt:				
BONDS	\$ -0-	\$ 209,150	\$ 209,150	\$ -0-
KACO LEASING	-0-	6,272	6,272	-0-
Total Acct. No. 237.1	\$ -0-	\$ 215,422	\$ 215,422	\$ -0-
Account No. 237.2 - Accrued Interest on Other Liabilities:				
CUSTOMER DEPOSITS	-0-	1,100	1,100	-0-
Total Acct. No. 237.2	\$ -0-	\$ 1,100	\$ 1,100	\$ -0-
Total Acct. No. 237	\$ -0-	\$ 216,522	\$ 216,522	\$ -0-

**REGULATORY COMMISSION EXPENSE - AMORTIZATION
OF RATE CASE EXPENSE (ACCOUNTS 665 & 667)**

DESCRIPTION OF CASE (DOCKET NO.) (a)	EXPENSE INCURRED DURING YEAR (b)	AMOUNT TRANSFERRED TO ACCOUNT NO. 186.1 (c)	CHARGED OFF DURING YEAR	
			ACCT. (d)	AMOUNT (e)
	\$	\$		\$
Total.....	\$	\$		\$ NONE

CONTRIBUTIONS IN AID OF CONSTRUCTION (ACCOUNT 271)

DESCRIPTION	TOTAL
Balance first of year.....	\$ 3,305,067
Add credits during year.....	\$ 75,208
Deduct charges during year.....	\$
Balance end of year.....	\$ 3,380,275

WATER UTILITY PLANT ACCOUNTS

ACCT. NO.	ACCOUNT NAME (b)	PREVIOUS YEAR (c)	ADDITIONS (d)	RETIREMENTS (e)	CURRENT YEAR (f)	INTANGIBLE PLANT (g)	SOURCE OF SUPPLY & PUMPING PLANT (h)	WATER TREATMENT PLANT (i)	TRANS. & DISTRIBUTION PLANT (j)	GENERAL PLANT (k)
301	Organization.....	\$	\$	\$	\$	\$	\$	\$	\$	\$
302	Franchises.....					XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
303	Land and Land Rights.....	27,152			27,152	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
304	Structures and Improvements..	314,138	942		315,080	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
305	Collecting and Impounding Reservoirs.....					XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
306	Lake River and Other Intakes.					XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
307	Wells and Springs.....					XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
308	Infiltration Galleries and Tunnels.....					XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
309	Supply Mains.....					XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
310	Power Generation Equipment...					XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
311	Pumping Equipment.....	225,185	5,422		230,607	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
320	Water Treatment Equipment....					XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
330	Distribution Reservoirs and Standpipes.....	497,037			497,037	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
331	Transmission and Distribution Mains.....	6,967,501	53,768		7,021,269	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
333	Services.....	123,835			123,835	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
334	Meters & Meter Installations.	933,814	28,545		962,359	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
335	Hydrants.....	39,893			39,893	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
339	Other Plant and Miscellaneous Equipment.....					XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
340	Office Furniture and Equip....	138,408	15,158		153,566	XXXXXX	XXXXXX	XXXXXX	XXXXXX	153,566
341	Transportation Equipment.....	181,964	89,403	10,007	261,360	XXXXXX	XXXXXX	XXXXXX	XXXXXX	261,360
342	Stores Equipment.....					XXXXXX	XXXXXX	XXXXXX	XXXXXX	
343	Tools, Shop and Garage Equip.					XXXXXX	XXXXXX	XXXXXX	XXXXXX	
344	Laboratory Equipment.....					XXXXXX	XXXXXX	XXXXXX	XXXXXX	
345	Power Operated Equipment.....	144,901			144,901	XXXXXX	XXXXXX	XXXXXX	XXXXXX	144,901
346	Communication Equipment.....	73,620	2,151		75,771	XXXXXX	XXXXXX	XXXXXX	XXXXXX	75,771
347	Miscellaneous Equipment.....	74,340	8,904		83,244	XXXXXX	XXXXXX	XXXXXX	XXXXXX	83,244
348	Other Tangible Plant.....					XXXXXX	XXXXXX	XXXXXX	XXXXXX	
	Total Water Plant.....	\$ 9,741,788	\$ 204,293	\$ 10,007	\$ 9,936,074	\$ -0-	\$ 230,607	\$ -0-	\$ -8,671,545	\$ 1,033,922

WATER OPERATING REVENUE

ACCT. NO. (a)	(b)	BEGINNING YEAR NO. CUSTOMERS (c)	YEAR END NUMBER CUSTOMERS (d)	AMOUNTS (e)
	Operating Revenues:			
460	Unmetered Water Revenue.....			\$
461	Metered Water Revenue:			
461.1	Sales to Residential Customers.....	5,364	5,471	\$ 1,455,310
461.2	Sales to Commercial Customers.....	277	278	242,682
461.3	Sales to Industrial Customers.....	7	8	111,960
461.4	Sales to Public Authorities.....			
461.5	Sales to Multiple Family Dwellings....			
461.6	Sales through Bulk Loading Stations....			
	Total Metered Sales.....	5,648	5,757	\$ 1,809,952
462	Fire Protection Revenue:			
462.1	Public Fire Protection.....			\$
462.2	Private Fire Protection.....			
	Total Fire Protection Revenue.....			\$
464	Other Sales to Public Authorities.....			\$
465	Sales to Irrigation Customers.....			
466	Sales for Resale.....	1	1	49,901
467	Interdepartmental Sales.....			
	Total Sales of Water.....	5,649	5,758	\$ 1,859,853
	Other Water Revenues:			
470	Forfeited Discounts.....			\$ 40,846
471	Miscellaneous Service Revenues.....			25,374
472	Rents from Water Property.....			
473	Interdepartmental Rents.....			
474	Other Water Revenues.....			
475	Provision for Rate Refunds.....			
	Total Other Water Revenues.....			\$ 66,220
	Total Water Operating Revenues.....			\$ 1,926,073

WATER UTILITY EXPENSE ACCOUNTS

ACCT. NO.	ACCOUNT NAME (b)	CURRENT YEAR (c)	WATER EXPENSE ACCOUNT MATRIX									
			.1 SOURCE OF SUPPLY & EXPENSES-OPERATION (d)	.2 SOURCE OF SUPPLY & EXPENSES-MAINTEN. (e)	.3 WATER TREATMENT EXPENSES-OPERATION (f)	.4 WATER TREATMENT EXPENSES-MAINTEN. (g)	.5 TRANS. & DISTRIBU. EXPENSES-OPERATION (h)	.6 TRANS. & DISTRIBU. EXPENSES-MAINTEN. (i)	.7 CUSTOMER ACCOUNTS EXPENSE (j)	.8 ADMINISTRATIVE GENERAL EXPENSES (k)		
601	Salaries and Wages-Employees.	\$ 507,175	\$	\$	\$	\$	\$ 381,884	\$	\$ 60,424	\$ 64,867		
603	Salaries and Wages-Officers, Directors and Majority Stockholders.....	10,700										10,700
604	Employee Pensions & Benefits.	161,733										161,733
610	Purchased Water.....	650,364	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX
615	Purchased Power.....	41,404	41,404	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX
616	Fuel for Power Production....			XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX
618	Chemicals.....	9,631		9,631								9,631
620	Materials and Supplies.....	75,948							75,948			75,948
631	Contractual Services - Eng....	2,895										2,895
632	Contractual Services - Acct....	4,990										4,990
633	Contractual Services - Legal.	4,956										4,956
634	Contractual Services - Management Fees.....											
635	Contractual Services - Other.											
641	Rental of Bldg./Real Property											
642	Rental of Equipment.....	1,885							1,885			1,885
650	Transportation Expenses.....	26,820							26,820			26,820
656	Insurance - Vehicle.....											
657	Insurance - General Liability											
658	Insurance - Worker's Compensation.....	5,901										5,901
659	Insurance - Other.....	29,383										29,383
660	Advertising Expense.....	1,116	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX
666	Regulatory Commission Exp....											
	- Amortization of Rate Case Expense.....		XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX
667	Regulatory Commission Exp....											
	- Other.....											
670	Bad Debt Expense.....	7,207	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	7,207	XXXXXXX
675	Miscellaneous Expenses.....	85,985										85,985
	Total Water Utility Expenses.	\$ 1,628,093	\$ 691,768	\$	\$ 9,631	\$	\$ 381,884	\$ 104,653	\$ 67,631	\$ 372,526	\$	\$

PUMPING AND PURCHASED WATER STATISTICS

(a)	WATER PURCHASED FOR RESALE (Omit 000's) (b)	WATER PUMPED FROM WELLS (Omit 000's) (c)	TOTAL WATER PUMPED AND PURCHASED (Omit 000's) (d)	WATER SOLD TO CUSTOMERS (Omit 000's) (e)
January.....	40,278		40,278	32,720
February.....	44,244		44,244	35,891
March.....	39,579		39,579	24,712
April.....	42,906		42,906	28,206
May.....	40,848		40,848	34,699
June.....	40,367		40,367	29,060
July.....	48,097		48,097	33,431
August.....	47,626		47,626	36,665
September.....	45,843		45,843	38,037
October.....	44,538		44,538	40,321
November.....	40,851		40,851	33,995
December.....	42,956		42,956	28,061
Total for year.....	518,133		518,133	395,798

Maximum gallons pumped by all methods in any one day (Omit 000's): 1,992

Date 5 / 18 / 99

Minimum gallons pumped by all methods in any one day (Omit 000's): 1,228

Date 11 / 30 / 99

If water is purchased for resale, indicate the following:

Vendor MUNICIPAL WATER AND SEWER SYSTEM

Point of delivery PUMP STATION HWY. 62, CENTRAL CITY, KENTUCKY 42330

If water is sold to other water utilities for redistribution, list names of such utilities below:

DRAKESBORO WATER SYSTEM

DRAKESBORO, KY 42337

SALES FOR RESALE (466)

LINE #	COMPANY	GALLONS	AVG. RATE (CENTS)	AMOUNT
1	DRAKESBORO WATER COMPANY	22,802,500	\$2.19/1000	\$49,901
2				
3				
4				
5				
6				
7	TOTAL	22,802,500		\$49,901

WATER PRODUCED, PURCHASED AND DISTRIBUTED

LINE #	ITEM	GALLONS
1	WATER PRODUCED AND PURCHASED:	
2	Water Produced	
3	Water Purchased	518,131,900
4	TOTAL PRODUCED AND PURCHASED	518,131,900
5	DISTRIBUTION OF WATER PRODUCED AND PURCHASED:	
6	Water Sold:	
7	TOTAL SALES OF WATER	395,766,600
8	OTHER WATER USED:	
9	Free Customers (estimate portion not metered)	448,100
10	Water Used by Company (estimate portion not metered)	6,057,145
11	Line Loss and Other Unaccounted for Water (estimate)	115,860,055
12	TOTAL OTHER WATER USED	122,365,300
13	TOTAL (must agree with line 4 above)	518,131,900

PERCENTATE OF LINE LOSS (line 11 divided by line 4) 22 %

WATER STATISTICS

<u>CUSTOMER TYPE</u>	<u>NUMBER OF GALLONS SOLD</u>
Residential (460)	
Commercial (460)	
Industrial (460)	
TOTAL (460)	
Residential (461)	266,791,000
Commercial (461)	63,086,500
Industrial (461)	43,086,600
TOTAL (461)	
Private Fire-Protection Service (462)	
Public Fire-Protection Service (463)	
Other Sales to Public Authorities (464)	
Sales to Irrigation Customers (465)	
Sales for Resale (466)	22,802,500
TOTAL GALLONS OF WATER SOLD	395,766,600

PLANT STATISTICS

Give the following information:

1. Number of fire hydrants, by size
2. Number of private fire hydrants, by size
3. Whether water supply is river, impounded streams, well, springs, artificial lake or collector type well
4. Whether supply is by gravity, pumping, or a combination
5. Type, capacity, and elevation of reservoirs at overflow and ground level
6. Miles of main by size and kind
7. Types of filters: gravity or pressure, number of units, and total rated capacity in gallons per minute
8. Type of chlorinators, number of units and capacity in pounds per 24 hours
9. Station equipment. List each pump separately, giving type and capacity and H.P. of driving unit and character of driving unit (steam, electric, or internal combustion). State whether pump is high or low duty.
10. Quantity of fuel used: coal in pounds, gas in cu. ft., oil in gallons, and electric in KWH.
11. Give a description and total cost of any sizable additions or retirements to plant in service outside the normal system growth for the period covered by this report
12. Capacity of clear well
13. Peak month, in gallons of water sold
14. Peak day, in gallons of water sold

1.	28 FIRE HYDRANTS - 6 INCH HYDRANT - 5½ INCH VALUE OPENING, 2 (3") FIRE HYDRANT, 1 (4") FIRE HYDRANT
2.	NONE
3.	WATER PURCHASED FROM CENTRAL CITY, KENTUCKY, WHOSE SOURCE IS GREEN RIVER
4.	SUPPLY IS BY PUMPING AND GRAVITY
5.	POWDERLY RESERVOIR 500,000 GALLONS: OVERFLOW 667.25: GROUND 627.25 DEPOY RESERVOIR 250,000 GALLONS: OVERFLOW 703.00: GROUND 673.00 BEECH CREEK RES. 250,000 GALLONS: OVERFLOW 670.00: GROUND 610.25 CLEATON RESERVOIR 150,000 GALLONS: OVERFLOW 619.00: GROUND 568.00 TWIN TUNNELS RES. 91,000 GALLONS: OVERFLOW 697.00: GROUND 665.00 LAKE MALONE RES. 121,800 GALLONS: OVERFLOW 810.00: GROUND 746.00 WEIR RESERVOIR 91,000 GALLONS: OVERFLOW 715.00: GROUND 683.00 NELSON CREEK RES. 60,900 GALLONS: OVERFLOW 631.00: GROUND 559.00 NEBO RESERVOIR 56,000 GALLONS: OVERFLOW 680.00: GROUND 584.00 DUNMOR RESERVOIR 17,000 GALLONS: OVERFLOW 697.00: GROUND 668.00 GRAHAM RESERVOIR 50,000 GALLONS: OVERFLOW 648.00: GROUND 600.00
6.	10 INCH CEMENT ASBESTOS PIPE 14,351 FEET - 2.7 MILES 8 INCH CEMENT ASBESTOS PIPE 42,343 FEET - 8.1 MILES 6 INCH CEMENT ASBESTOS PIPE 164,544 FEET - 31.1 MILES 4 INCH CEMENT ASBESTOS PIPE 54,399 FEET - 10.3 MILES 3 INCH CEMENT ASBESTOS PIPE 101,898 FEET - 19.4 MILES 2 INCH CEMENT ASBESTOS PIPE 3,944 FEET - 0.7 MILES 8 INCH PVC PIPE - 23,533 FEET - 4.5 MILES 6 INCH PVC PIPE - 427,924 FEET - 80.91 MILES 4 INCH PVC PIPE - 170,712 FEET - 32.64 MILES 3 INCH PVC PIPE - 266,348 FEET - 50.44 MILES 2 INCH PVC PIPE - 82,990 FEET - 14.91 MILES

PLANT STATISTICS CONT'D.

- 7. PURCHASED FROM CENTRAL CITY, KENTUCKY
- 8. 3 ROTOMETER GAS FED CHLORINATORS
- 9. PUMP STATION A:
 - 2 BOOSTER PUMPS - HORIZONTAL CENTRIFUGAL - 485 GALLONS PER MINUTE
20 HORSEPOWER, 240 VOLT, 90 FEET TOTAL DYNAMIC HEAD
 - 2 BOOSTER PUMPS - HORIZONTAL CENTRIFUGAL - 490 GALLONS PER MINUTE
129 FEET HEAD, 25HP, ELECTRIC
- PUMP STATION B:
 - 2 BOOSTER PUMPS - VERTICAL TURBINE - 360 GALLONS PER MINUTE, 20 HP,
200 VOLT, 149 FEET TOTAL DYNAMIC HEAD
- PUMP STATION C:
 - 2 BOOSTER PUMPS - CAN PUMP (VERTICAL TURBINE) - HYDRO-LINE - 115
GALLONS PER MINUTE, 5 HORSEPOWER, 240 VOLT,
100 FEET, TOTAL DYNAMIC HEAD
- BELTON PUMP STATION:
 - 2 HORIZONTAL CENTRIFUGAL PUMPS, 200 GALLONS PER MINUTE AT 107 FEET
10 HORSEPOWER ELECTRIC MOTORS
- LAKE MALONE PUMP STATION:
 - 2 HORIZONTAL CENTRIFUGAL PUMPS, 110 GALLONS PER MINUTE, AT 180 FEET
HEAD
- WEIR PUMP STATION:
 - 2 VERTICAL TURBINE PUMPS, 70 GALLONS PER MINUTE AT 126 FEET HEAD
5 HORSEPOWER ELECTRIC MOTORS
- 10. ELECTRICITY
- 11. NONE
- 12. NONE
- 13. OCTOBER, 40,320,500
- 14. MAY 18, 1999, 1,998,000

OATH

Commonwealth of KENTUCKY }
County of MUHLENBERG } ss:

_____ makes oath and says
(Insert here the name of the affiant)

that he is _____ of
(Insert here the official title of the affiant)

MUHLENBERG COUNTY WATER DISTRICT ;
(Insert here the exact legal title or name of the respondent)

that it is his duty to have supervision over the books of account of the respondent and to control the manner in which such books are kept; that he knows that such books have, during the period covered by the foregoing report, been kept in good faith in accordance with the accounting and other orders of the Public Service Commission of Kentucky, effective during the said period; that he has carefully examined the said report and to the best of his knowledge and belief the entries contained in the said report have, so far as they relate to matters of account, been accurately taken from the said books of account and are in exact accordance therewith; that he believes that all other statements of fact contained in the said report are true; and that the said report is a correct and complete statement of the business and affairs of the above-named respondent during the period of time from and including

JANUARY 1,....., 1999, to and including DECEMBER 31,....., 1999.....

Joseph J. Hall
(Signature of affiant)

Subscribed and sworn to before me, a A. Tracy, in and for the
State and County above named, this 31 day of March, 19 2000

(Apply Seal Here)

My commission expires 4-22-00

Rebecca Wright
(Signature of officer authorized to administer oaths)

PUBLIC SERVICE COMMISSION KENTUCKY
REPORT OF GROSS OPERATING REVENUES DERIVED FROM INTRA-KENTUCKY
BUSINESS FOR THE YEAR ENDING DECEMBER 31, 19 99

MUHLENBERG COUNTY WATER DISTRICT DEAN ROAD, GREENVILLE, KY 42345
(Utility Reporting) (Address)

(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.....\$ 1,926,073
(7) Gross Revenues of Sewer Utility.....\$ _____
(8) Other Operating Revenues.....\$ _____
*** TOTAL GROSS REVENUES.....\$ 1,926,073

State of... KENTUCKY)
County of... MUHLENBERG) ss.

Joseph Holland being duly sworn, states that he/she
(Officer)
is Chairman of the MUHLENBERG COUNTY WATER DISTRICT
(Official Title) (Utility Reporting)

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

MUHLENBERG COUNTY WATER DISTRICT, and that such books
(Utility Reporting)
accurately show the gross revenues of:

MUHLENBERG COUNTY WATER DISTRICT, derived from Intra-Kentucky
(Utility Reporting)

business for the year ending DECEMBER 31, 19 99

Joseph L. Holland Chairman
(Officer) (Title)

This the 31 day of March, 19 2000

Rebecca Wright Mullens
(Notary Public) (County)

My Commission expires 4-22-2000

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

MUHLENBERG COUNTY WATER DISTRICT

ANNUAL FINANCIAL REPORT AND
SUPPLEMENTARY DATA

Years Ended December 31, 1998 and 1997

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CHARLES R. LEWIS

CERTIFIED PUBLIC ACCOUNTANT

123 S. MAIN ST., P. O. BOX 815
GREENVILLE, KY 42345
TELEPHONE (502) 338-1709
FAX (502) 338-7200

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Muhlenberg County Water District
Greenville, Kentucky

I have audited the accompanying financial statements of the Muhlenberg County Water District as of and for the years ended December 31, 1998 and 1997. These financial statements are the responsibility of Muhlenberg County Water District's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and GOVERNMENT AUDIT STANDARDS issued by the Comptroller General of the United States. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Muhlenberg County Water District as of December 31, 1998 and 1997, and the results of its operations and cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with GOVERNMENT AUDITING STANDARDS, I have also issued a report dated May 18, 1999 on my considerations of Muhlenberg County Water District's internal control structure and a report dated May 18, 1999 on its compliance with laws and regulations.

My audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The schedules listed in the table of contents (on pages 18 to 26) are required for purposes of additional analysis and are not a required part of the financial statements of the Muhlenberg County Water District. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Charles R. Lewis

Charles R. Lewis
Certified Public Accountant

Greenville, Kentucky
May 18, 1999

MUHLENBERG COUNTY WATER DISTRICT
BALANCE SHEETS
December 31, 1998 and 1997

	1998	1997
<u>ASSETS</u>		
Current Assets		
Cash	\$ 37,525	\$ 236,392
Accounts Receivable, Net of Allowance for Uncollectible Amounts (Note 1)	24,140	26,646
Inventory - At Cost (Note 1)	33,168	28,674
Prepaid Expenses - Insurance (Note 1)	10,150	9,360
	104,983	301,072
TOTAL CURRENT ASSETS		
Restricted Assets		
Bond and Interest Fund (Notes 1, 3)	210,620	195,787
Depreciation Fund (Note 1)	344,182	315,601
Deposit Fund (Note 1)	70,780	62,848
	625,582	574,236
TOTAL RESTRICTED ASSETS		
Property, Plant, and Equipment (Note 2)		
Land	27,152	27,152
Buildings and Office	602,332	455,935
Water System	8,499,071	8,271,092
Office Furniture and Equipment	138,408	118,075
Vehicles and Equipment	474,825	422,937
Work in Progress (Note 9)	-0-	296,240
	9,741,788	9,591,431
Less Accumulated Depreciation	3,200,622	2,983,157
	6,541,166	6,608,274
NET PROPERTY, PLANT AND EQUIPMENT		
Other Assets		
Unamortized Debt Discount, Issuance Costs (Note 1)	89,077	93,310
	89,077	93,310
NET OTHER ASSETS		
TOTAL ASSETS	\$ 7,360,808	\$ 7,576,892

The accompanying notes are an integral part of these statements.

MUHLENBERG COUNTY WATER DISTRICT
BALANCE SHEETS
December 31, 1998 and 1997

	1998	1997
	-----	-----
<u>LIABILITIES AND FUND EQUITY</u>		
Current Liabilities (Payable from Current Assets)		
Trade Accounts Payable	\$ 78,461	\$ 83,313
Customer Deposits	86,696	78,730
	<hr/>	<hr/>
TOTAL	165,157	162,043
	<hr/>	<hr/>
Current Liabilities (Payable from Restricted Assets)		
Current Portion of Bond Obligations	149,000	142,000
	<hr/>	<hr/>
TOTAL CURRENT LIABILITIES	314,157	304,043
	<hr/>	<hr/>
Long-Term Liabilities - (Note 3)		
Bonds Payable (Net of Current Portion)	3,997,000	4,146,000
	<hr/>	<hr/>
TOTAL LIABILITIES	4,311,157	4,450,043
	<hr/>	<hr/>
 FUND EQUITY		
Total Contributed Capital (Note 1)	3,305,067	3,238,874
Fund Balance <Deficit>	< 255,416 >	< 112,025 >
	<hr/>	<hr/>
TOTAL FUND EQUITY	3,049,651	3,126,849
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND EQUITY	\$ 7,360,808	\$ 7,576,892
	=====	=====

The accompanying notes are an integral part of these statements.

MUHLENBERG COUNTY WATER DISTRICT
 STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES
 For The Years Ended December 31, 1998 and 1997

	1998	1997
<u>OPERATING REVENUES</u>		
Water Sales	\$ 1,784,014	\$ 1,790,821
Other Operating Revenues	56,114	58,346
	1,840,128	1,849,167
<u>OPERATING EXPENSES</u>		
Source of Supply Expenses	606,928	606,440
Pumping Expenses	50,634	52,856
Water Treatment Expenses	8,824	6,830
Transmission and Distribution Expenses	322,884	320,376
Customer Accounts Expenses	125,376	128,873
Administrative and General Expenses	369,954	332,650
Depreciation (Note 1)	268,930	249,731
Taxes	43,540	40,672
	1,797,070	1,738,428
OPERATING INCOME	43,058	110,739
<u>NONOPERATING REVENUES <EXPENSES></u>		
Gain on Sale of Equipment	5,103	-0-
Interest Revenue	35,566	48,177
Interest on Long Term Debt	< 221,915 >	< 228,761 >
Other Interest	< 970 >	< 914 >
Amortization of Debt Discount	< 4,233 >	< 4,233 >
	< 186,449 >	< 185,731 >
NET REVENUES <LOSS>	< 143,391 >	< 74,992 >
FUND BALANCE - January 1, <Deficit>	< 112,025 >	< 37,033 >
FUND BALANCE - December 31, <Deficit>	\$< 255,416 >	\$< 112,025 >
	=====	=====

The accompanying notes are an integral part of these statements.

MUHLENBERG COUNTY WATER DISTRICT
 STATEMENTS OF CASH FLOWS
 For the Years Ended December 31, 1998 and 1997

	1998	1997
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 1,842,634	\$ 1,847,863
Cash payments for goods and services	<1,542,981>	<1,484,701>
	-----	-----
Net Cash Provided by Operating Activities	299,653	363,162
	-----	-----
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from Sale of Equipment	5,103	-0-
Acquisition of Fixed Assets	< 197,117>	< 378,708>
Increase in Customer Deposits	7,966	6,975
Retirement of Bonds Payable	< 142,000>	< 134,000>
Interest Expense	< 222,885>	< 229,675>
Construction Contributions, Grants	66,193	57,560
	-----	-----
Net Cash <Used> for Capital and Related Financing Activities	< 482,740>	< 677,848>
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on Investments	35,566	48,177
	-----	-----
Net Cash Provided by Investing Activities:	35,566	48,177
	-----	-----
NET INCREASE <DECREASE> IN CASH	< 147,521>	< 266,509>
CASH AND RESTRICTED CASH, January 1	810,628	1,077,137
	-----	-----
CASH AND RESTRICTED CASH, December 31	\$ 663,107	\$ 810,628
	=====	=====

The accompanying notes are an integral part of these statements.

MUHLENBERG COUNTY WATER DISTRICT
 STATEMENTS OF CASH FLOWS
 For the Years Ended December 31, 1998 and 1997

	1998	1997
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Income	\$ 43,058	\$ 110,739
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:		
Depreciation	268,930	249,731
CHANGES IN ASSETS AND LIABILITIES		
<Increase> Decrease in Accounts Receivable	2,506	< 1,304>
<Increase> Decrease in Inventory	< 4,494>	< 1,108>
<Increase> Decrease in Prepaid Expense	< 790>	2,624
Increase <Decrease> in Accounts Payable	< 9,557>	2,480
	256,595	252,423
TOTAL ADJUSTMENTS		
NET CASH PROVIDED BY OPERATING ACTIVITIES:	\$ 299,653	\$ 363,162
	299,653	363,162

The accompanying notes are an integral part of these statements.

MUHLENBERG COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 1998

Note 1. Summary of Significant Accounting Policies

PROPRIETARY FUNDS

The Muhlenberg County Water District was created by the Muhlenberg County Fiscal Court in July 1962. In December 1967, the District began water services to the developed areas of the county.

The following is a summary of significant accounting policies:

The Waterworks Fund is used to account for the operations of the Water Utility Enterprise Fund. Enterprise Funds are used to account for operations (1) which are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The District is composed of three commissioners who are appointed by the Muhlenberg County Judge Executive.

FIXED ASSETS AND LONG-TERM LIABILITIES

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and fund balance components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

Utility Plant	50 Years
Machinery and Equipment	3-10 Years

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

MUHLENBERG COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 1998

Note 1. Summary of Significant Accounting Policies (Continued)

BASIS OF ACCOUNTING

Basis of Accounting refers to when revenues and expenditures or expenses are recognized in the accounts reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

BUDGETS AND BUDGETARY ACCOUNTING

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- 1) In accordance with the Public Service Commission and the Department of Rural Development guidelines, the District submits a proposed budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year. (See Note 8 for disclosures of budget to actual results for the District).
- 2) The District is required to submit a budget to RD for each fiscal year as stipulated in the bond agreement. For 1997, Muhlenberg County Water District satisfied this requirement.

The District adopted a fixed dollar budget for the year ended December 31, 1997. Flexible budgets prepared for several levels of possible activity are better for proprietary fund planning, control, and evaluation purposes than are fixed budgets. For this reason, actual comparison of the fixed operating budget adopted by the District and actual operating revenues and expenses are not shown in this financial statement.

INVESTMENTS

At year end, the bank balances of the District (checking and savings) were \$662,857. Of those balances, \$100,000 was covered by federal depository insurance, \$562,857 was covered by collateral pledged by the bank. First State Bank of Greenville, Kentucky, has pledged the following instruments in safekeeping at First Tennessee Bank, Nashville Tennessee:

MUHLENBERG COUNTY WATER DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 1998

Note 1. Summary of Significant Accounting Policies (Continued)

INVESTMENTS

Instrument	Rate	Amount	Maturity	Market Value
FNMA	6.57%	\$ 500,403	02-14-08	\$ 507,350
FHLMC GOLD	7.5%	600,148	11-01-11	607,587
FNMA	6.56%	200,000	03-24-08	202,842
TOTAL		\$ 1,300,551		\$ 1,317,779

RESTRICTED ASSETS

These assets consist of cash and short-term investments restricted for water works debt service and depreciation fund expenditures and customer deposit escrows.

INVENTORIES

Inventory held by the Water District is priced at the lower of cost (first in, first out) or market. Inventory acquisitions in the General fund are recorded in inventory accounts initially and charged as expenditures when used. Minimum amounts of inventory are not maintained, therefore, equity reserves for inventory have not been established. The cost value of such inventories has been presented on a cost basis.

PREPAID INSURANCE

Prepaid insurance represents the amount of unexpired insurance which the District had previously paid for at the balance sheet date.

ACCOUNTS RECEIVABLE

Bad debts are written off the books using the specific charge-off method; therefore, no provision for bad debts is reflected. For 1998 and 1997 \$6,378 and \$5,052 have been written off as bad debts and reflected in the Statement of Revenues, Expenses, and Changes in Fund Balances.

CONTRIBUTIONS IN AID OF CONSTRUCTION

Amounts received from the State, other governmental agencies, or individuals (tap-on) fees for construction of District-owned facilities are recorded as contributions in aid of construction.

MUHLENBERG COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 1998

Note 1. Summary of Significant Accounting Policies (Continued)

COMPARATIVE DATA

Comparative data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations.

GENERAL OBLIGATION ENTERPRISE BONDS

1966 BOND ISSUE

An RECD bond resolution dated March 1, 1966, authorized issuance of \$1,126,000 of waterworks revenue bonds maturing in annual installments through 2006. Interest is payable semi-annually on January 1 and July 1, at 3.75% per annum and principal is payable annually on January 1. (See Note 3 for bond schedule).

To comply with the bond resolution, the Water District must set aside in a "Bond and Interest Sinking Fund" enough monies to pay the bonds and interest as they become due. For 1998, the District satisfied this requirement.

The bond resolution also calls for the creation of a "Depreciation Fund" for the purpose of paying the cost of extraordinary maintenance, repairs and replacements not included in the annual budget of current expenses and monthly deposits of \$500 to be transferred from any remaining income until \$60,000 is accumulated. Since the 1966 Bonds were issued on a parity with the 1978 bonds, the monthly deposits are included in the 1978 Bond issue amounts.

Withdrawals from the Depreciation Fund can be authorized by the commissioners for the cost of unusual or extraordinary maintenance, repairs, renewals, and replacements not included in the annual budget of current expenses.

1978 BOND ISSUE

An RECD bond resolution dated February 2, 1978, authorized issuance of \$2,048,000 of waterworks revenue bonds maturing in annual installments beginning January 1, 1981 through 2018. Interest is payable semi-annually on January 1 and July 1 at 5% per annum and principal is payable annually on January 1. The 1978 bonds are issued on a parity with the 1966 bonds.

To comply with the bond resolution, the Water District must set aside in a "Bond and Interest Sinking Fund" enough monies to pay the bonds and interest as they become due. For 1998, the District satisfied this requirement.

MUHLENBERG COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 1998

Note 1. Summary of Significant Accounting Policies (Continued)

GENERAL OBLIGATION ENTERPRISE BONDS (Continued)

1978 BOND ISSUE

The Bond Resolution also calls for the creation of a "Depreciation Fund" for the purpose of paying the cost of extraordinary maintenance, repairs, and replacements not included in the annual budget of current expenses. For 1998, the District made the required transfers.

Withdrawals from the Depreciation Fund can be authorized by the commissioners for the cost of unusual or extraordinary maintenance, repairs, renewals, and replacements not included in the annual budget of current expenses.

1995 BOND ISSUE

A bond resolution dated October 1, 1995, authorized issuance of \$2,355,000 of refunding revenue bonds maturing in annual installments through 2021. Interest is paid semi-annually on January 1 and July 1, from 5.4% to 5.6% per annum and principal is payable annually on January 1. Bonds maturing on or after January 1, 2006, are subject to redemption at the option of the District.

To comply with the Bond Resolution, the Water District must set aside in a "Bond and Interest Sinking Fund" enough monies to pay the bonds and interest as they become due on the 1966 Bonds, 1978 Bonds and 1995 Bonds. A monthly deposit of 1/6 the next succeeding interest installment and 1/12 of the next succeeding principal installment of all three issues is required. Also a depreciation fund must be maintained with monthly deposits of \$1,020 or until a minimum balance of \$122,400 is reached. The District satisfied all these requirements during 1998.

As shown on the District's balance sheet, the discount and issuance costs of this issue are being amortized over a 25 year period utilizing a straight-line method.

This issue was an insured public issue administered by J.J.B. Hilliard, W. L. Lyons, Inc. with Old National Trust Company acting as paying agent and bond registrar.

Note 2. Fixed Assets

A summary of changes in the District's property, plant and equipment at December 31, 1998, follows. These amounts are at cost.

MUHLENBERG COUNTY WATER DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 1998

Note 2. Fixed Assets (Continued)

	Balance 1/01/98	Additions	Deletions	Balance 12/31/98
Land	\$ 27,152	\$ -0-	\$ -0-	\$ 27,152
Buildings	455,935	146,397	-0-	602,332
Water System	8,271,092	227,979	-0-	8,499,071
Off Furn & Equip	118,075	20,333	-0-	138,408
Vehicles & Eq.	422,937	129,917	78,029	474,825
Work in Progress	296,240	-0-	296,240	-0-
TOTAL	\$9,591,431	\$ 524,626	\$ 374,269	\$9,741,788

Note 3. Changes in Long Term Debt

The following is a summary of Bonds Payable of the District for the year ended December 31, 1998.

	Payable at 1/01/98	Additions	Reductions	Balance 12/31/98
1995 Issue	\$2,260,000	\$ -0-	\$ 50,000	\$2,210,000
1966 Bond Issue	390,000	-0-	40,000	350,000
1978 Bond Issue	1,513,000	-0-	46,000	1,467,000
KACO Leasing Trust	125,000	-0-	6,000	119,000
TOTAL	\$4,288,000	\$ -0-	\$ 142,000	\$4,146,000
Less Current Portion				149,000
				\$3,997,000
				=====

All long-term debt has been retired on schedule. The following is a schedule of total debt retirement for each issue:

Series of 1966

Year Ending December 31	Bonds Due	Interest Due	Total
1999	40,000	12,375	52,375
2000	50,000	10,687	60,687
2001	50,000	8,813	58,813
2002	50,000	6,938	56,938
2003	50,000	5,063	55,063
2004	50,000	3,188	53,188
2005	60,000	1,125	61,125
	\$ 350,000	\$ 48,189	\$ 398,189
	=====	=====	=====

MUHLENBERG COUNTY WATER DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 1998

Note 3. Changes in Long Term Debt (Continued)

Series of 1978

Year Ending December 31	Bonds Due	Interest Due	Total
-----	-----	-----	-----
1999	48,000	72,150	120,150
2000	50,000	69,700	119,700
2001	53,000	67,125	120,125
2002	56,000	64,400	120,400
2003	58,000	61,550	119,550
2004	61,000	58,575	119,575
2005	64,000	55,450	119,450
2006	68,000	52,150	120,150
2007	71,000	48,675	119,675
2008	75,000	45,025	120,025
2009	78,000	41,200	119,200
2010	82,000	37,200	119,200
2011	86,000	33,000	119,000
2012	91,000	28,575	119,575
2013	95,000	23,925	118,925
2014	100,000	19,050	119,050
2015	105,000	13,925	118,925
2016	110,000	8,550	118,550
2017	116,000	2,900	118,900
	-----	-----	-----
	\$1,467,000	\$ 803,125	\$2,270,125
	=====	=====	=====

Series of 1995

Year Ending December 31	Bonds Due	Interest Due	Total
-----	-----	-----	-----
1999	55,000	122,675	177,675
2000	55,000	119,650	174,650
2001	60,000	116,625	176,625
2002	60,000	113,325	173,325
2003	65,000	110,025	175,025
2004	70,000	106,450	176,450
2005	75,000	102,600	177,600
2006	80,000	98,475	178,475
2007	85,000	94,075	179,075
2008	85,000	89,400	174,400
2009	90,000	84,725	174,725
2010	95,000	79,775	174,775
2011	100,000	74,550	174,550
2012	110,000	69,050	179,050
2013	115,000	63,000	178,000
2014	120,000	56,560	176,560
2015	130,000	49,840	179,840

MUHLENBERG COUNTY WATER DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 1998

Note 3. Changes in Long Term Debt (Continued)

Series of 1995

Year Ending December 31	Bonds Due	Interest Due	Total
2016	\$ 135,000	\$ 42,560	\$ 177,560
2017	145,000	35,000	180,000
2018	150,000	26,880	176,880
2019	160,000	18,480	178,480
2020	170,000	9,520	179,520
	-----	-----	-----
	\$2,210,000	\$1,683,240	\$3,893,240
	=====	=====	=====

During 1992, the District entered into a phase of construction to service an area known as "Forest Oak." The District received a Community Block Grant in the amount of \$153,770 and borrowed \$147,000 from the Kentucky Association of Counties Leasing Trust. These monies were remitted through the Muhlenberg County Fiscal Court. The interest rate on this obligation is 5.55% over a 20 year term. The payment schedule is as follows:

Year	Principal	Note Interest	Total Payment
1999	6,000	6,323	12,323
2000	6,000	5,988	11,988
2001	7,000	5,603	12,603
2002	7,000	5,213	12,213
2003	7,000	4,823	11,823
Years Thereafter	86,000	34,764	120,764
	-----	-----	-----
Totals	\$ 119,000	\$ 62,714	\$ 181,714
	=====	=====	=====

Note 4. Water Contract

The District has a long-term contract with Central City Municipal Water and Sewer for the purchase of treated water. The contract for water was amended September 9, 1981, and is for a period of 50 years. There are no minimum payments required under the contracts except for actual delivery, and the rates are adjusted periodically.

Purchases of water by the District were \$606,928 and \$606,440 for 1998 and 1997.

MUHLENBERG COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 1998

Note 5. Litigation

Various claims and lawsuits are pending against the Water District. In the opinion of the District's Attorney, the potential loss on all claims will not be significant to the District's financial statements.

Note 6. Public Service Commission Regulations

The District is required to file with the Commission a report of its gross earnings or receipts derived from intra-state business for the preceding calendar year. The District satisfied this requirement.

The Water District also filed the 1998 Annual PSC Report as required.

Another PSC requirement is that all customer deposit refunds be paid with interest. This requirement was met.

Public Service Commission Regulations require that disbursements of the District be published in the newspaper. This requirement was not met.

Note 7. Retirement Plan

Plan Description

The District and covered employees contribute to the County Employers Retirement System (CERS), a cost-sharing multiple-employer defined benefit plan administered by the Board of Trustees of the Kentucky Retirement System

The plan provides for retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under circumstances. Cost-of-living adjustments are provided at the discretion of the State legislature. Kentucky Revised Statute Section 61-645 assigns the authority to establish and amend benefit provisions to the Board of Trustees of the Kentucky Retirement Systems.

The CERS financial statements and other supplementary information are contained in the publicly available annual financial report of the Kentucky Retirement Systems. Copies of the report are sent to each participating employer as well as distributed to legislative personnel, state libraries and other interested parties. Copies may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West 1260 Louisville Road, Frankfort, Kentucky 40601 or by calling 1-502-564-4646.

MUHLENBERG COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 1998

Note 7. Retirement Plan (Continued)

Funding Policy

Per Kentucky Revised Statute 61.565, normal contribution and past service contribution rates shall be determined by the Board of Trustees of the Kentucky Retirement Systems on the basis of an annual valuation last preceding the July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board.

For the year ended December 31, 1998, plan members were required to contribute 5% of their annual creditable compensation.

The District is required to contribute at an actuarially determined rate. The District was required to contribute 8.22% of each employee's creditable compensation for the year ended December 31, 1998. The District's contributions to CERS for the years ended December 31, 1998 and 1997 were \$36,515, and \$34,523 respectively.

Note 8. Risk Management

The District was exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. The District purchases commercial insurance for all risks of losses. Settlements resulting from these risks have not exceeded commercial insurance coverage in the current year. See the supplementary data for a detail of insurance coverage.

Note 9. Construction in Progress

The District was undergoing construction of a new water tank and pump house in the Dunmor area. This construction was started in 1997 and completed in the Spring of 1998. The amount expended for this project at December 31, 1997 (\$296,240), is reflected on the balance sheet as Work in Progress. This amount will be reclassified as Utility Plant in Service upon completion of construction.

Note 10. Wholesale Water Supplier

The Muhlenberg County Water District sells water on a wholesale basis to the City of Drakesboro, Kentucky. A contract originally dated October, 1967 has been amended as of May, 1997 to extend this contract to October, 2047.

MUHLENBERG COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 1998

Note 10. Wholesale Water Supplier (Continued)

The District has the authority by the Public Service Commission of Kentucky, to periodically adjust the rates charged to the City of Drakesboro. Total sales to the City of Drakesboro amounted to \$53,796 for 1998.

MUHLENBERG COUNTY WATER DISTRICT
 REVENUES AND EXPENSES STATEMENT DETAIL
 For The Years Ended December 31, 1998 and 1997

	1998	1997
	-----	-----
<u>OPERATING REVENUES</u>		
Metered Water Sales	\$ 1,676,765	\$ 1,659,319
Other Sales of Water-Drakesboro, TVA	107,249	131,502
Miscellaneous Service Revenues	13,313	12,017
Other Water Revenues	4,217	9,465
Forfeited Discounts	38,584	36,864
	-----	-----
TOTAL OPERATING REVENUES	1,840,128	1,849,167
	-----	-----
<u>OPERATING EXPENSES</u>		
Source of Supply Expenses		
Purchased Water	606,928	606,440
	-----	-----
Pumping Expenses		
Power Purchased for Pumping	39,233	44,835
Operation Supplies and Expenses	406	1,043
Maintenance of Pumping Plant	10,995	6,978
	-----	-----
TOTAL PUMPING EXPENSES	50,634	52,856
	-----	-----
Water Treatment Expenses		
Chemicals and Analysis	8,824	6,830
	-----	-----
TOTAL WATER TREATMENT EXPENSES	8,824	6,830
	-----	-----
Transmission and Distribution Expenses		
Operation Labor	273,955	232,793
Operation Supplies	8,839	10,583
Maintenance of Dist. Standpipes	225	13,489
Maintenance of Mains	38,214	53,951
Maintenance of Meters/Hydrants	1,651	9,560
	-----	-----
TOTAL TRANS. AND DIST. EXPENSES	\$ 322,884	\$ 320,376
	-----	-----

See accompanying notes to financial statements.

MUHLENBERG COUNTY WATER DISTRICT
REVENUES AND EXPENSES STATEMENT DETAIL (Continued)
For the Years Ended December 31, 1998 and 1997

	1998	1997
	-----	-----
OPERATING EXPENSES (Continued)		
Customer Accounts Expenses		
Meter Reading Labor, Collections	\$ 106,509	\$ 110,918
Supplies and Expenses	12,489	12,903
Uncollectible Accounts	6,378	5,052
	-----	-----
TOTAL CUSTOMER ACCOUNTS EXPENSE	125,376	128,873
	-----	-----
Administrative and General Expenses		
Administrative and General Salaries	72,266	68,263
Office Supplies and Other Expenses	28,107	20,937
Outside Services Employed	13,561	22,962
Property Insurance, Workers Compensation	31,197	32,233
Injuries and Damages	1,303	1,210
Employee Pensions and Benefits	136,944	108,160
Regulatory Commission Expenses	3,363	2,570
Miscellaneous General Expenses	28,477	28,229
Transportation and Equipment Expense	29,439	25,573
Maintenance of General Plant	25,297	22,513
	-----	-----
TOTAL ADM. AND GENERAL EXPENSES	\$ 369,954	\$ 332,650
	-----	-----

See accompanying notes to financial statements.

MUHLENBERG COUNTY WATER DISTRICT
SCHEDULE OF INSURANCE
For the Year Ended December 31, 1998

Royal Insurance Company of America

Policy PVAE04276 - 6/26/98 to 6/26/99

Fire and Lightning and extended coverage including vandalism and malicious mischief - \$500 deductible; 80% co-insurance - includes earthquake - \$50,000 mine subsidence

Office Building - \$250,500
Office Contents of Building - \$100,000
Garage Building - \$35,000
Garage Building Shop - \$50,000
Water Pump Station, Belton, - \$51,385
Water Pump Station, Lake Malone - \$48,275
Water Pump Station, Stephen Meadows #1 - \$49,460
Water Pump Station, Stephen Meadows #2 - \$55,600
Water Pump Station, Powderly - \$52,887
Water Pump Station, Central City - \$99,302
Water Pump Station, Drakesboro - \$75,000
Water Pump Station, Luzerne Lake - \$61,825
Water Pump Station, Nelson - \$50,000
Metal Water Tank - 50,000 gallon capacity, Belton - \$60,000
Metal Water Tank - 123,000 gallon cap., Lake Malone - \$133,000
Metal Water Tank - 70,000 gallon capacity, Weir - \$80,000
Metal Water Tank - 61,000 gallon capacity, Nelson - \$64,050
Metal Water Tank - 61,000 gallon capacity, Nebo - \$71,000
Metal Water Tank - 20,000 gallon capacity, Dunmor - \$21,000
Metal Water Tank - 500,000 gallon capacity, Powderly - \$310,000
Metal Water Tank - 250,000 gallon capacity, Depoy - \$235,000
Metal Water Tank - 250,000 gallon cap., Beech Creek - \$235,000
Metal Water Tank - 150,000 gallon capacity, Cleaton - \$160,000
Metal Water Tank - 50,000 gallon capacity, Graham - \$52,500
Metal Water Tank - 200,000 gallon capacity, TVA - \$235,000

General Liability:

Bodily Injury and Property Damage - \$1,000,000 each occurrence and aggregate
Premises medical payments - \$5,000 each person
Fire Damage - \$100,000
Crime - \$ 10,000

Business Automobile:

Liability - \$1,000,000
Personal Injury Protection - \$10,000
Uninsured Motorist - \$60,000
Comprehensive - Actual Cash Value (\$100 Deductible)
Collision - Actual Cash Value (\$500 Deductible)

Contractor's Equipment Floater - Broad Form:

2 Wheel Tilt Bed Trailer - \$1,000 (\$1,000 Deductible)
1998 Ditch Witch - \$58,251 (\$1,000 Deductible)
1989 Ditch Witch Backhoe/Trailer - \$7,226 (\$500 Deductible)
John Deere Backhoe - \$58,500 (\$1000 Deductible)
Computer Equipment - \$33,230 (\$250 Deductible)
24' X 8' Gooseneck Trailer - \$3,993
1998 Trailer - \$4,400

MUHLENBERG COUNTY WATER DISTRICT
SCHEDULE OF INSURANCE (Continued)
For The Year Ended December 31, 1998

Contractor's Equipment Floater -Broad Form: (Continued):

Data and Media - \$6,646
Dual Loader - \$2,650
Telemetry Equipment - \$141,000
1995 Ford Tractor - \$17,336
1995 Auger - \$5,679
1996 Torro Mower - \$2,100
Radio Equipment - \$42,508

Comprehensive Crime Insurance:

Loss Inside of Premises - \$10,000
Loss Outside of Premises - \$10,000

Royal Insurance Company of America

Policy PCS 17 6564 - 6/21/98 to 6/21/99
Workmens Compensation and Employer's Liability -
\$500,000/\$500,000/\$500,000

Continental Insurance Company

Position Bond - BND 135 2146 - 11/21/98 to 11/21/99
Continental Blanket Employee Bond -

\$100,000 for employee dishonesty
\$400,000 for bookkeeper and commissioners

Encroachment Bond - BND 1106 558 - 2/18/98 to 2/18/99

Bond Limit - \$5,000

International Surplus Lines Insurance Company

Policy - 524-042786 - 07/01/98 to 07/01/99
Public Officials and Employee Liability - \$1,000,000 each
Loss and Aggregate for each policy year (\$5,000 deductible)

Certificate of Insurance
Page 2, Attachment 5
GUIDE LTR "C2"

I Certify that the insurance and bond coverage shown is currently effective and copies of the insurance policies are on file with our office.

Date

Officer

MUHLENBERG COUNTY WATER DISTRICT
 SUPPLEMENTAL DATA AND COMMENTS REQUIRED BY RD
 For the Year Ended December 31, 1998

- I. Generally accepted auditing procedures and Government Audit Standards were used by the independent Certified Public Accountant in the preparation of this audit.
- II. The system of internal control was evaluated. See auditors Report on the Internal Control Structure - Government Auditing Standards.
- III. The District's accounting records are adequate and appear to be prepared in a timely manner. The records also contain several subsidiary accounts to detail asset, liability, revenues, and expense account balances. No improvements are deemed necessary. No unsatisfactory conditions were noted in the past two years; therefore no corrective action was necessary.
- IV. Physical control over assets is adequate. The District's records contain subsidiary records to maintain control over inventory and fixed assets. Segregation of duties to safeguard assets such as cash and receivables is as adequate as possible within a limited number of staff.
- V. All bond payment requirements and reserve balances have been either paid currently or reserved in separate bank accounts for the year.
- VI. All funds of the District have been placed at First State Bank, Greenville, Kentucky - member of FDIC. Per audit report all funds are secured by a pledged instrument in the amount of \$1,300,551.
- VII. Insurance and bonding coverage appears to be adequate and is currently in force. See Schedule of Insurance in Force.
- VIII. Accounts receivable are closely monitored and subsidiary detailed records are reconciled to other cash transactions. The aged breakdown of the Balance Sheet amount of \$24,140 is as follows:

0-30 days	30-60 days
-----	-----
\$22,937	\$1,203

ADDITIONAL INFORMATION SHEET

Governing Body:

Name of RD Borrower: Muhlenberg County Water District

Name of Current Contact Person and Telephone Number:

Rebecca Wright, Office Manager (502) 338-1300

<u>Name</u> =====	<u>Address & Telephone #</u> =====	<u>Expiration Term of Office</u> =====
----- Chairman/Commissioner ----- Joseph Holland	Route 1, Box 40 Beechmont, KY 42323 Phone: (502) 476-2954	07/24/2000
----- Secretary/Commissioner ----- James C. Spurlin	Route 1 White Plains, KY 42464 Phone: (502) 338-2555	12/31/2001
----- Treasurer/Commissioner ----- Bobby Creager	Route 1 Central City, KY 42330	07/24/2001

Breakdown of Users:

(For System Extension Funded w/FmHA Grant Funds)

Residential Users	5,364
Commercial Users w/ residential size service	236
Commercial Users	284
Date of Verification	12/31/98

Ethnic Race Breakdown:

White	5,592
Black	56
Hispanic	0
Asian/PI	0
Am. Indian/AN	0

Breakdown of Users:

Residential Users	5,364
Commercial Users w/ residential size service	236
Commercial Users w/larger than residential size service	48
Date of Verification	12/31/98

Certified Operator:

Certified Operator Employed :	X	
	-----	-----
	Yes	No

MUHLENBERG COUNTY WATER DISTRICT
 SCHEDULE OF FUNDS IN FINANCIAL INSTITUTIONS AS OF DECEMBER 31, 1998

A. Regular Operating Account:

1. First State Bank,	
Regular Operating Account, 1.54%	\$ 31,956
Construction Fund, 1.54%	5,319

	37,275

B. Funds Held in Trust, Security Deposit:

1. First State Bank, Security Deposit, 1.54%	70,780

C. Escrow Funds:

Depreciation Fund, checking, First State Bank, 1.54%	27,345
Depreciation Fund, CD, First State Bank, 4.39%	316,838
Bond Sinking Fund, checking, First State Bank, 1.54%	30,620
Bond Sinking Fund, CD, First State Bank, 6.67%	180,000

	554,803

TOTAL FUNDS IN FINANCIAL INSTITUTIONS	\$ 662,858
	=====

CHARLES R. LEWIS

CERTIFIED PUBLIC ACCOUNTANT

123 S. MAIN ST., P. O. BOX 815
GREENVILLE, KY 42345
TELEPHONE (502) 338-1709
FAX (502) 338-7200

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 Commissioners
Muhlenberg County Water District
Greenville, Kentucky

I have audited the financial statements of Muhlenberg County Water District as of and for the year ended December 31, 1998, and have issued my report thereon dated May 18, 1999. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to 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 Muhlenberg County Water District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have 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 my audit and, accordingly, I do not express such an opinion. The results of my 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 my audit, I considered Muhlenberg County Water District's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted a certain matter involving the internal control over financial reporting and its operation that I consider to be a reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgement, could adversely affect Muhlenberg County Water District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described below.

The office staff is limited to segregation of duties due to the size of the staff. Adequate segregation is essential to an effective internal control structure. Additional staff members are not feasible.

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. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe none of the reportable conditions described above is a material weakness. I also noted other matters involving the internal control over financial reporting that I have reported to management of Muhlenberg County Water District in a separate letter dated May 18, 1999.

This report is intended for the information of the Commissioners, management, and Rural Development. However, this report is a matter of public record and its distribution is not limited.



Charles R. Lewis
Certified Public Accountant

Greenville, Kentucky
May 18, 1999

BILLING ANALYSIS

Table 101	Combined Usage & Revenue Table for 5/8" x 3/4" Meters
Table 102	Combined Usage & Revenue Table for 1" Meters
Table 103	Combined Usage & Revenue Table for 1 1/2" Meters
Table 104	Combined Usage & Revenue Table for 2" Meters
Table 105	Combined Usage & Revenue Table for 3" Meters
Table 106	Combined Usage & Revenue Table for 4" Meters
Table 107	Combined Usage & Revenue Table for Wholesale Customers
Table 108	Revenue Summary from Billing Analysis
Table 109	Combined Usage and Revenue Table for Retail Customers
Table 110	Revenue Analysis by Volume Usage

TABLE 101

COMBINED USAGE & REVENUE TABLE FOR 5/8" X 3/4" METERS

(1) USAGE BRACKET	(2) BILLS	(3) GALLONS (000)	(4) FIRST 2,000 GALLONS	(5) NEXT 8,000 GALLONS	(6) NEXT 10,000 GALLONS	(7) NEXT 30,000 GALLONS	(8) OVER 50,000 GALLONS
First 2,000 Gallons	18,274	18,423	18,423	-0-	-0-	-0-	-0-
Next 8,000	46,551	212,465	93,102	119,363	-0-	-0-	-0-
Next 10,000	2,378	30,614	4,756	19,024	6,834	-0-	-0-
Next 30,000	369	10,114	738	2,952	3,690	2,734	-0-
Over 50,000	59	5,033	118	472	590	1,770	2,083
TOTALS	67,631	276,649	117,137	141,811	11,114	4,504	2,083
CURRENT RATE			\$10.96 MINIMUM	\$5.03	\$4.43	\$3.78	\$2.88
REVENUE	\$1,526,804		\$741,236	\$713,309	\$49,235	\$17,025	\$5,999

TABLE 102

COMBINED USAGE & REVENUE TABLE FOR 1" METERS

(1) USAGE BRACKET	(2) BILLS	(3) GALLONS (000)	(4) FIRST 5,000 GALLONS	(5) NEXT 5,000 GALLONS	(6) NEXT 10,000 GALLONS	(7) NEXT 30,000 GALLONS	(8) OVER 50,000 GALLONS
First 5,000 Gallons	110	208	208	-0-	-0-	-0-	-0-
Next 5,000	45	318	225	93	-0-	-0-	-0-
Next 10,000	48	705	240	240	225	-0-	-0-
Next 30,000	24	779	120	120	240	299	-0-
Over 50,000	52	6,279	260	260	520	1,560	3,679
TOTALS	279	8,289	1,053	713	985	1,859	3,679
CURRENT RATE			\$26.05 MINIMUM	\$5.03	\$4.43	\$3.78	\$2.88
REVENUE	\$32,841		\$7,268	\$3,586	\$4,364	\$7,027	\$10,596

TABLE 103

COMBINED USAGE & REVENUE TABLE FOR 1 1/2" METERS

(1) USAGE BRACKET	(2) BILLS	(3) GALLONS (000)	(4) FIRST 11,000 GALLONS	(5) NEXT 9,000 GALLONS	(6) NEXT 30,000 GALLONS	(7) OVER 50,000 GALLONS
First 11,000 Gallons	17	118	118	-0-	-0-	-0-
Next 9,000	16	244	176	68	-0-	-0-
Next 30,000	14	534	154	126	254	-0-
Over 50,000	1	51	11	9	30	1
TOTALS	48	947	459	203	284	1
CURRENT RATE			\$55.64 MINIMUM	\$4.43	\$3.78	\$2.88
REVENUE	\$4,647		\$2,671	\$899	\$1,074	\$3

TABLE 104

COMBINED USAGE & REVENUE TABLE FOR 2" METERS

(1) USAGE BRACKET	(2) BILLS	(3) GALLONS (000)	(4) FIRST 16,000 GALLONS	(5) NEXT 4,000 GALLONS	(6) NEXT 30,000 GALLONS	(7) OVER 50,000 GALLONS
First 16,000 Gallons	40	158	158	-0-	-0-	-0-
Next 4,000	11	199	176	23	-0-	-0-
Next 30,000	53	1,973	848	212	913	-0-
Over 50,000	181	49,021	2,896	724	5,430	39,971
TOTALS	285	51,351	4,078	959	6,343	39,971
CURRENT RATE			\$77.79 MINIMUM	\$4.43	\$3.78	\$2.88
REVENUE	\$165,511		\$22,170	\$4,248	\$23,977	\$115,116

TABLE 105**COMBINED USAGE & REVENUE TABLE FOR 3" METERS**

(1) USAGE BRACKET	(2) BILLS	(3) GALLONS (000)	(4) FIRST 26,000 GALLONS	(5) NEXT 24,000 GALLONS	(6) OVER 50,000 GALLONS
First 26,000 Gallons	12	12	12	-0-	-0-
Next 24,000	-0-	-0-	-0-	-0-	-0-
Over 500,000	24	6,128	624	576	4,928
TOTALS	36	6,140	636	576	4,928
CURRENT RATE			\$118.20 MINIMUM	\$3.78	\$2.88
REVENUE	\$20,625		\$4,255	\$2,177	\$14,193

TABLE 106**COMBINED USAGE & REVENUE TABLE FOR 4" METERS**

(1) USAGE BRACKET	(2) BILLS	(3) GALLONS (000)	(4) FIRST 36,000 GALLONS	(5) NEXT 14,000 GALLONS	(6) OVER 50,000 GALLONS
First 36,000 Gallons	3	61	61	-0-	-0-
Next 14,000	1	42	36	6	-0-
Over 50,000	8	1,792	288	112	1,392
TOTALS	12	1,895	385	118	1,392
CURRENT RATE			\$155.98	\$3.78	\$2.88
REVENUE	\$6,327		\$1,872	\$446	\$4,009

TABLE 107

**COMBINED USAGE & REVENUE TABLE
FOR WHOLESALE CUSTOMERS**

(1) # BILLS	(2) GALLONS (000)	(3) CURRENT RATE	(4) REVENUE
24	48,150	\$2.23	\$107,374.

NOTES: A. THE DISTRICT HAS 2 WHOLESALE CUSTOMERS:

(1) City of Drakesboro: 22,802,500 Gallons

(2) TVA: 25,347,000 Gallons

B. Technically, TVA is not a wholesale customer because it does not purchase water for resale. It is treated as a wholesale customer, however, because the contract with TVA provides that the District will charge TVA the same flat rate per 1,000 gallons that it charges Drakesboro.

TABLE 108**REVENUE SUMMARY****FROM BILLING ANALYSIS****JANUARY 1, 1999 THROUGH DECEMBER 31, 1999**

(1) METER SIZE	(2) # BILLS	(3) USAGE GALLONS (000)	(4) USAGE % %	(5) ANNUAL REVENUE	(6) % REVENUE
5/8" x 3/4"	67,631	276,649	70.3%	\$1,526,804.	81.9%
1"	279	8,289	2.1%	32,841.	1.8%
1 1/2"	48	947	0.2%	4,647.	0.2%
2"	285	51,351	13.1%	165,511.	8.9%
3"	36	6,140	1.6%	20,625.	1.1%
4"	12	1,895	.5%	6,327.	0.3%
SUBTOTALS	68,291	345,271	87.8%	1,756,755.	94.2%
WHOLESALE	24	48,150	12.2%	107,374.	5.8%
TOTALS	68,315	393,421	100.0%	\$1,864,129.	100.0%

CONFIRMATION OF BILLING ANALYSIS

The Billing Analysis produces a usage of 2,346,000 gallons less than that shown in the PSC Annual Report. This is a difference of 0.6%. It produces revenue of \$4,276 more than that shown in the PSC Annual Report. This is a difference of 0.02%. Both are well within an acceptable range of error. Therefore, the Billing Analysis is appropriate for predicting future revenues generated through adjusted rates.

TABLE 109

**COMBINED USAGE AND REVENUE TABLE
FOR RETAIL CUSTOMERS**

(1) METER SIZE	(2) # BILLS	(3) REVENUES	(4) GALLONS (000)	(5) FIRST 2,000 GALLONS	(6) NEXT 8,000 GALLONS	(7) NEXT 10,000 GALLONS	(8) NEXT 30,000 GALLONS	(9) OVER 50,000 GALLONS
5/8" x 3/4"	67,631	\$1,526,804	276,649	117,137	141,811	11,114	4,504	2,083
1"	279	32,841	8,289	558	1,208	985	1,859	3,679
1 1/2"	48	4,647	947	96	332	234	284	1
2"	285	165,511	51,351	570	2,038	2,429	6,343	39,971
3"	36	20,625	6,140	60	192	240	720	4,928
4"	12	6,327	1,895	24	96	120	263	1,392
TOTALS	68,291	\$1,756,755	345,271	118,445	145,677	15,122	13,973	52,054

RATE

**\$10.96
MINIMUM**

\$5.03

\$4.43

\$3.78

\$2.88

REVENUE \$1,750,948

\$66,990

\$52,818

\$149,916

\$5,807

0.3%

DIFFERENCE

SOURCE: TABLES 101-106 OF BILLING ANALYSIS

TABLE 110**REVENUE ANALYSIS BY VOLUME USAGE
(BASED ON 1999 BILLING ANALYSIS)****MUHLENBERG COUNTY WATER DISTRICT**

(1) USAGE BRACKET	(2) GALLONS (000)	(3) % USAGE	(4) CURRENT RATE	(5) ANNUAL REVENUE	(6) % REVENUE
0 TO 2,000	118,445	30.1%	MINIMUM \$10.96	\$748,469.*	40.3%
2,001 TO 10,000	145,677	37.0%	5.03	732,755.	39.4%
10,001 to 20,000	15,122	3.8%	4.43	66,990.	3.6%
20,001 TO 50,000	13,973	3.6%	3.78	52,818.	2.8%
OVER 50,000	52,054	13.3%	2.88	149,916.	8.1%
SUBTOTALS	345,271	87.8%	N/A	1,750,948.	94.2%
WHOLESALE	48,150	12.2%	2.23	107,374.	5.8%
TOTALS	393,421	100.0%	N/A	\$1,858,322.	100.0%

*Based upon 68,291 total monthly bills during 1999 calendar year (5,691 retail customers)

SOURCE: TABLES 107 & 109 OF BILLING ANALYSIS

EXHIBIT 12**EXISTING DEBT SERVICE REQUIREMENTS****PRINCIPAL**

BOND ISSUE	2000	2001	2002	2003	2004	TOTALS
1966 RD	50,000	50,000	50,000	50,000	50,000	250,000
1978 RD	50,000	53,000	56,000	58,000	61,000	278,000
1992 KACOLT	6,000	7,000	7,000	7,000	8,000	35,000
1995 BONDS	<u>55,000</u>	<u>60,000</u>	<u>60,000</u>	<u>65,000</u>	<u>70,000</u>	<u>310,000</u>
TOTALS	\$161,000	\$170,000	\$173,000	\$180,000	\$189,000	\$873,000

INTEREST

1966 RD	10,687	8,813	6,938	5,063	3,188	34,689
1978 RD	69,700	67,125	64,400	61,550	58,575	321,350
1992 KACOLT	5,988	5,603	5,213	4,823	4,368	25,995
1995 BONDS	<u>119,650</u>	<u>116,625</u>	<u>113,325</u>	<u>110,025</u>	<u>106,450</u>	<u>566,075</u>
TOTALS	\$206,025	\$198,166	\$189,876	\$181,461	\$172,581	\$948,109
TOTAL PRINCIPAL AND INTEREST	\$367,025	\$368,166	\$362,876	\$361,461	\$361,581	\$1,821,109

EXHIBIT 13**FIVE YEAR AVERAGE ANNUAL DEBT SERVICE REQUIREMENT
2000-2004**

<u>YEAR ENDING DECEMBER 31</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	TOTAL PRINCIPAL AND INTEREST
2000	\$161,000	\$206,025	\$367,025
2001	170,000	198,166	368,166
2002	173,000	189,876	362,876
2003	180,000	181,461	361,461
2004	<u>189,000</u>	<u>172,581</u>	<u>361,581</u>
TOTALS	\$873,000	\$948,109	\$1,821,109
AVERAGE ANNUAL DEBT SERVICE			364,222
DEBT SERVICE COVERAGE (20%)			<u>72,844</u>
ANNUAL DEBT SERVICE REQUIREMENT			\$437,066

Source: Exhibit 12

PROPOSED ADJUSTMENTS TO TEST YEAR OPERATIONS

	(1) Actual Test Year Operations	(2) Proposed Adjustments	(3) Ref.	(4) Adjusted Test Year Operations
OPERATING REVENUES				
Retail Water Sales	\$1,752,479			\$1,752,479
Sales for Resale	107,374			107,374
Other Operating Revenues	<u>66,220</u>			<u>66,220</u>
Total Operating Revenues	\$1,926,073			\$1,926,073
OPERATING EXPENSES				
Salaries & Wages - Employees	507,175			507,175
Salaries & Wages - Officers	10,700			10,700
Employee Pensions & Benefits	161,733	18,852	A	180,585
Purchased Water	650,364			650,364
Purchased Power	41,404			41,404
Chemicals	9,631			9,631
Materials & Supplies	75,948			75,948
Contractual Services - Engineering	2,895			2,895
Contractual Services - Accounting	4,990			4,990
Contractual Services - Legal	4,956			4,956
Rental of Equipment	1,885			1,885
Transportation Expenses	26,820			26,820
Insurance - Gen. Liability & Veh.	29,383			29,383
Insurance - Work Comp.	5,901			5,901
Insurance - Other	-00-			-00-
Advertising Expense	1,116			1,116
Amort. Of Rate Case Expense	-00-	3,333	B	3,333
Regulatory Comm. Expense	3,053			3,053
Bad Debt Expense	7,207			7,207
Miscellaneous Expense	<u>82,932</u>			<u>82,932</u>
Total O & M Expense	\$1,628,093	\$22,185		\$1,650,278
Depreciation Expense	286,932			286,932
Taxes Other Than Income	<u>41,719</u>			<u>41,719</u>
Total Operating Exp.	\$1,956,744	\$22,185		\$1,978,929
NET OPERATING INCOME	(30,671.)	(22,185.)		(52,856.)
OTHER INCOME (EXPENSE)				
Interest Income	27,291	(9,113.)	C	18,178
INCOME AVAILABLE TO SERVICE DEBT	(\$3,380.)	(\$31,298.)		(\$34,678.)

**EXPLANATION OF PROPOSED ADJUSTMENTS
TO TEST YEAR OPERATIONS**

A. EMPLOYEE PENSIONS & BENEFITS. The District proposes to increase Test Year employee benefits by \$18,852 to reflect the increase in health insurance premiums which the District will be required to pay. Recently, the District was notified by Anthem Blue Cross and Blue Shield, the health insurance provider for the District's employees, that the District's portion of the monthly health insurance premium will be increased by \$1,571 per month, effective May 1, 2000. The amount of the old and new monthly premiums are as follows:

New premium:	\$11,409. per month
Old premium:	<u>\$ 9,838. per month</u>
Increase	\$1,571. per month

Annual increase = \$1,571 @ 12 = \$18,852.

B. AMORTIZATION OF RATE CASE EXPENSE. The District proposes to make a pro forma adjustment to this account because of the rate case expense which the District will have to pay to its attorney, Damon R. Talley. Mr. Talley has informed the District that his fee for preparing the rate case application and for all other legal services associated with the rate case will be at least \$10,000. The District proposes to amortize this expense over three (3) years. Therefore, the proposed pro forma adjustment will be \$3,333 ($\$10,000 \div 3 = \$3,333$).

C. INTEREST INCOME. The District proposes to make a pro forma adjustment to decrease Test Year interest income by \$9,113 to more accurately reflect the interest income the District expects to earn on its unrestricted funds. Because the District had a negative cash flow in 1998 and 1999, it had to use a substantial portion of its reserve funds to make principal payments on its long term debt and to pay monthly operating expenses. It now has less reserve funds on hand. Consequently, the District's interest income will be less in 2000 than it was in 1999.

EXHIBIT 15**INCOME AVAILABLE FOR DEBT SERVICE****OPERATING REVENUES**

Metered Sales to Customers	\$1,859,853.
Forfeited Discounts	40,846.
Miscellaneous Service Revenues	<u>25,374.</u>
Total Operating Revenues	\$1,926,073.

EXPENSES (ADJUSTED)

Operating Expenses (Adjusted)	1,650,278.
Depreciation Expense	286,932.
Taxes	<u>41,719.</u>
Total Operating Expenses	\$1,978,929.

NET OPERATING INCOME **(\$52,856.)**

OTHER INCOME AND (EXPENSE)

Interest (Adjusted) \$18,178.

INCOME AVAILABLE FOR DEBT SERVICE **(\$34,678.)**

SOURCE: 1999 PSC ANNUAL REPORT, EXHIBIT 14, AND TABLE 110 OF BILLING ANALYSIS

EXHIBIT 16

REVENUE REQUIREMENTS

Debt Service Requirements (Exh. 13)	\$437,066
Less Income Available for Debt Service (Exh. 15)	<u>(34,678)</u>
INCREASE NEEDED	\$471,744

Percentage Increase Needed:

$$\$471,744 \div \$1,859,853 = 0.254 = 25.4\%$$

REVENUES THAT NEED TO BE GENERATED BY PROPOSED RATES (\$1,859,853 + \$471,744)	\$2,331,597
--	-------------

REVENUES PROJECTED TO BE GENERATED BY PROPOSED RATES (See Exhibit 18)	<u>\$2,331,105</u>
---	--------------------

SHORTFALL	\$492
-----------	-------

SOURCE: Exhibits 13, 15 & 18

PROJECTED REVENUES FROM PROPOSED RATES
MUHLENBERG COUNTY WATER DISTRICT

(1) USAGE BRACKET	(2) GALLONS (000)	(3) % USAGE	(4) PROPOSED RATE	(5) ANNUAL REVENUE	(6) % REVENUE
0 TO 2,000	118,445	30.1%	MINIMUM \$13.74	\$938,318*	40.3%
2,001 TO 10,000	145,677	37.0%	6.31	919,222.	39.4%
10,001 TO 20,000	15,122	3.8%	5.56	84,078.	3.6%
20,001 TO 50,000	13,973	3.6%	4.74	66,232.	2.8%
OVER 50,000	52,054	13.3%	3.62	188,435.	8.1%
SUBTOTALS	345,271	87.8%	N/A	2,196,285.	94.2%
WHOLESALE	48,150	12.2%	2.80	134,820.	5.8%
TOTALS	393,421	100.0%	N/A	\$2,331,105.	100.0%

*Based upon 68,291 total monthly bills during 1999 calendar year (5,691 retail customers)

SOURCE: TABLE 110 OF BILLING ANALYSIS

VERIFICATION OF PROPOSED RATES

Utility Requested Revenue

	Bills	Gallons (000)	Rate	Revenue
First 2,000 gallons	68,291	118,445	\$13.74	\$938,318
Next 8,000 gallons		145,677	6.31	919,222
Next 10,000 gallons		15,122	5.56	84,078
Next 30,000 gallons		13,973	4.74	66,232
Over 50,000 gallons		52,054	3.62	188,435
Retail Revenue				\$2,196,285
Wholesale Revenue		48,150	2.80	\$134,820
Total Revenue		393,421		\$2,331,105

CASH FLOW SUMMARY (PROJECTED)**OPERATING REVENUES**

Water Sales (Exh. 18)	\$2,331,105.
Forfeited Discounts	40,846.
Miscellaneous Service Revenues	25,374.
Interest Income	<u>6,371.</u>
Total Operating Revenues	\$2,403,696.

EXPENSES

Operating Expenses	\$1,638,471.
Depreciation Expense	286,932.
Taxes	41,719.
Debt Service (Including Coverage)	<u>437,066.</u>
Total Expenses	\$2,404,188.

SHORTFALL **\$ 492.**

SOURCE: EXHIBITS 15, 16, 17 & 18

EXHIBIT 20

COMPARISON OF CURRENT RATES AND PROPOSED RATES

USAGE	CURRENT RATES	PROPOSED RATES	AMOUNT OF INCREASE PER 1,000 GALLONS	% INCREASE
FIRST 2,000 GALLONS	\$10.96 minimum bill	\$13.74 minimum bill	\$1.39	25.4%
NEXT 8,000 GALLONS	\$ 5.03 per 1,000 gallons	\$ 6.31 per 1,000 gallons	\$1.28	25.4%
NEXT 10,000 GALLONS	\$ 4.43 per 1,000 gallons	\$ 5.56 per 1,000 gallons	\$1.13	25.5%
NEXT 30,000 GALLONS	\$ 3.78 per 1,000 gallons	\$ 4.74 per 1,000 gallons	\$0.96	25.4%
OVER 50,000 GALLONS	\$ 2.88 per 1,000 gallons	\$ 3.62 per 1,000 gallons	\$0.74	25.7%
WHOLESALE	\$2.23 per 1,000 gallons	\$ 2.80 per 1,000 gallons	\$0.57	25.6%

EXHIBIT 21

EFFECT ON AVERAGE CONSUMER BILL

(ASSUMING USAGE OF 4,100 GALLONS)¹

<u>RATE SCHEDULE</u>	<u>AMOUNT OF MONTHLY BILL</u>
PROPOSED RATES	\$26.99
CURRENT RATES	<u>21.52</u>
INCREASE	\$5.47
% INCREASE	25.4%

¹Source: Billing Analysis (Table 101 of Exhibit 11) shows that the average consumer uses 4,100 (4,091 before rounding) gallons per month. (276,649,000 gallons ÷ 67,631 bills = 4,091).

For Muhlenberg County, Kentucky
Community, Town or City
P.S.C. KY. NO. _____

Muhlenberg County Water District
(Name of Utility)

_____ SHEET NO. _____
CANCELLING P.S.C. KY. NO. _____
_____ SHEET NO. _____

CLASSIFICATION OF SERVICE

RATE
PER UNIT

PROPOSED RATES

**5/8 X 3/4 Inch
Connection**

First	2,000	gallons	\$ 13.74 (Minimum Bill)
Next	8,000	gallons	6.31 per 1,000 gallons
Next	10,000	gallons	5.56 per 1,000 gallons
Next	30,000	gallons	4.74 per 1,000 gallons
Over	50,000	gallons	3.62 per 1,000 gallons

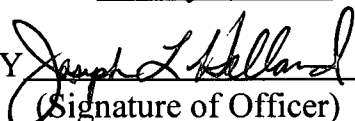
**1 Inch
Connection**

First	5,000	gallons	\$ 32.67 (Minimum Bill)
Next	5,000	gallons	6.31 per 1,000 gallons
Next	10,000	gallons	5.56 per 1,000 gallons
Next	30,000	gallons	4.74 per 1,000 gallons
Over	50,000	gallons	3.62 per 1,000 gallons

**1-1/2 Inch
Connection**

First	11,000	gallons	\$ 69.78 (Minimum Bill)
Next	9,000	gallons	5.56 per 1,000 gallons
Next	30,000	gallons	4.74 per 1,000 gallons
Over	50,000	gallons	3.62 per 1,000 gallons

DATE OF ISSUE May 3, 2000 DATE EFFECTIVE Upon PSC Approval

ISSUED BY  TITLE: CHAIRMAN
(Signature of Officer)

Issued by authority of an Order of the public Service Commission of Kentucky in Case No.
1999-512 dated case pending.

For Muhlenberg County, Kentucky
Community, Town or City
P.S.C. KY. NO. _____

Muhlenberg County Water District
(Name of Utility)

_____ SHEET NO. _____
CANCELLING P.S.C. KY. NO. _____
_____ SHEET NO. _____

CLASSIFICATION OF SERVICE

	RATE PER UNIT
2 Inch Connection	
First 16,000 gallons	\$ 97.58 (Minimum Bill)
Next 4,000 gallons	5.56 per 1,000 gallons
Next 30,000 gallons	4.74 per 1,000 gallons
Over 50,000 gallons	3.62 per 1,000 gallons
3 Inch Connection	
First 26,000 gallons	\$148.26 (Minimum Bill)
Next 24,000 gallons	4.74 per 1,000 gallons
Over 50,000 gallons	3.62 per 1,000 gallons
4 Inch Connection	
First 36,000 gallons	\$195.66 (Minimum Bill)
Next 14,000 gallons	4.74 per 1,000 gallons
Over 50,000 gallons	3.62 per 1,000 gallons
Wholesale	\$ 2.80 per 1,000 gallons

DATE OF ISSUE May 3, 2000 DATE EFFECTIVE Upon PSC Approval

ISSUED BY Joseph L. Holland TITLE: CHAIRMAN
(Signature of Officer)

Issued by authority of an Order of the public Service Commission of Kentucky in Case No. 1999-512 dated case pending.

For Muhlenberg County, Kentucky
Community, Town or City
P.S.C. KY. NO. _____

Muhlenberg County Water District
(Name of Utility)

_____ SHEET NO. _____
CANCELLING P.S.C. KY. NO. _____
_____ SHEET NO. _____

CLASSIFICATION OF SERVICE

		RATE PER UNIT	
		CURRENT RATES	PROPOSED RATES
5/8 X 3/4 Inch Connection			
First	2,000 gallons	\$ 10.96 (Minimum Bill)	\$ 13.74 (Minimum Bill)
Next	8,000 gallons	5.03 per 1,000 gallons	6.31 per 1,000 gallons
Next	10,000 gallons	4.43 per 1,000 gallons	5.56 per 1,000 gallons
Next	30,000 gallons	3.78 per 1,000 gallons	4.74 per 1,000 gallons
Over	50,000 gallons	2.88 per 1,000 gallons	3.62 per 1,000 gallons
1 Inch Connection			
First	5,000 gallons	\$ 26.05 (Minimum Bill)	\$ 32.67 (Minimum Bill)
Next	5,000 gallons	5.03 per 1,000 gallons	6.31 per 1,000 gallons
Next	10,000 gallons	4.43 per 1,000 gallons	5.56 per 1,000 gallons
Next	30,000 gallons	3.78 per 1,000 gallons	4.74 per 1,000 gallons
Over	50,000 gallons	2.88 per 1,000 gallons	3.62 per 1,000 gallons
1-1/2 Inch Connection			
First	11,000 gallons	\$ 55.64 (Minimum Bill)	\$ 69.78 (Minimum Bill)
Next	9,000 gallons	4.43 per 1,000 gallons	5.56 per 1,000 gallons
Next	30,000 gallons	3.78 per 1,000 gallons	4.74 per 1,000 gallons
Over	50,000 gallons	2.88 per 1,000 gallons	3.62 per 1,000 gallons

DATE OF ISSUE May 3, 2000 DATE EFFECTIVE Upon PSC Approval

ISSUED BY Joseph L. McLeod TITLE: CHAIRMAN
(Signature of Officer)

Issued by authority of an Order of the public Service Commission of Kentucky in Case No. 1999-512 dated case pending.

For Muhlenberg County, Kentucky
Community, Town or City
P.S.C. KY. NO. _____

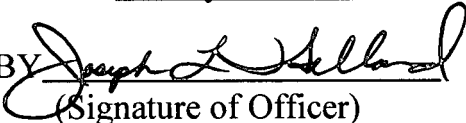
Muhlenberg County Water District
(Name of Utility)

_____ SHEET NO. _____
CANCELLING P.S.C. KY. NO. _____
_____ SHEET NO. _____

CLASSIFICATION OF SERVICE

			RATE PER UNIT
2 Inch Connection			
First	16,000 gallons	\$ 77.79 (Minimum Bill)	\$ 97.58 (Minimum Bill)
Next	4,000 gallons	4.43 per 1,000 gallons	5.56 per 1,000 gallons
Next	30,000 gallons	3.78 per 1,000 gallons	4.74 per 1,000 gallons
Over	50,000 gallons	2.88 per 1,000 gallons	3.62 per 1,000 gallons
3 Inch Connection			
First	26,000 gallons	\$ 118.20 (Minimum Bill)	\$148.26 (Minimum Bill)
Next	24,000 gallons	3.78 per 1,000 gallons	4.74 per 1,000 gallons
Over	50,000 gallons	2.88 per 1,000 gallons	3.62 per 1,000 gallons
4 Inch Connection			
First	36,000 gallons	\$ 155.98 (Minimum Bill)	\$195.66 (Minimum Bill)
Next	14,000 gallons	3.78 per 1,000 gallons	4.74 per 1,000 gallons
Over	50,000 gallons	2.88 per 1,000 gallons	3.62 per 1,000 gallons
Wholesale		\$ 2.23 per 1,000 gallons	\$ 2.80 per 1,000 gallons

DATE OF ISSUE May 3, 2000 DATE EFFECTIVE Upon PSC Approval

ISSUED BY  TITLE: CHAIRMAN
(Signature of Officer)

Issued by authority of an Order of the public Service Commission of Kentucky in Case No. 1999-512 dated case pending.

PUBLIC NOTICE OF PROPOSED ADJUSTMENT OF WATER RATES

MUHLENBERG COUNTY WATER DISTRICT

CASE NO. 1999-512

**NOTICE OF APPLICATION TO PUBLIC SERVICE
COMMISSION OF KENTUCKY**

Notice is hereby given that the MUHLENBERG COUNTY WATER DISTRICT (the DISTRICT) has filed an Application with the Public Service Commission of Kentucky (the PSC) seeking approval of revised water service rates and charges, and to annually adjust rates in accordance with the Consumer Price Index for Urban Wage Earners and Clerical Workers (the CPI-W) published by the U. S. Department of Labor, Bureau of Labor Statistics for each of the next three (3) years. The DISTRICT does not plan to implement the proposed rates until after approval by the PSC.

NOTICE OF PROPOSED INCREASE IN MONTHLY WATER RATES

USAGE (GALLONS)	CURRENT RATES PER 1,000 GALLONS	PROPOSED RATES PER 1,000 GALLONS	AMOUNT OF INCREASE PER 1,000 GALLONS	% INCREASE
5/8 X 3/4 Inch Connection				
First 2,000	\$ 10.96 min bill	\$ 13.74 min bill	\$1.39	25.4%
Next 8,000	5.03	6.31	1.28	25.4
Next 10,000	4.43	5.56	1.13	25.5
Next 30,000	3.78	4.74	0.96	25.4
Over 50,000	2.88	3.62	0.74	25.7

EXHIBIT 24

USAGE (GALLONS)	CURRENT RATES PER 1,000 GALLONS	PROPOSED RATES PER 1,000 GALLONS	AMOUNT OF INCREASE PER 1,000 GALLONS	% INCREASE
1 Inch Connection				
First 5,000	\$ 26.05 min bill	\$ 32.67 min bill	\$1.32	25.4%
Next 5,000	5.03	6.31	1.28	25.4
Next 10,000	4.43	5.56	1.13	25.5
Next 30,000	3.78	4.74	0.96	25.4
Over 50,000	2.88	3.62	0.74	25.7
1-1/2 Inch Connection				
First 11,000	\$ 55.64 min bill	\$ 69.78 min bill	\$1.29	25.4%
Next 9,000	4.43	5.56	1.13	25.5
Next 30,000	3.78	4.74	0.96	25.4
Over 50,000	2.88	3.62	0.74	25.7
2 Inch Connection				
First 16,000	\$ 77.79 min bill	\$ 97.58 min bill	\$1.24	25.4%
Next 4,000	4.43	5.56	1.13	25.5
Next 30,000	3.78	4.74	0.96	25.4
Over 50,000	2.88	3.62	0.74	25.7
3 Inch Connection				
First 26,000	\$118.20 min bill	\$148.26 min bill	\$1.16	25.4%
Next 24,000	3.78	4.74	0.96	25.4
Over 50,000	2.88	3.62	0.74	25.7
4 Inch Connection				
First 36,000	\$155.98 min bill	\$195.66 min bill	\$1.10	25.4%
Next 14,000	3.78	4.74	0.96	25.4
Over 50,000	2.88	3.62	0.74	25.7
Wholesale	\$ 2.23	\$ 2.80	\$0.57	25.6%

EXHIBIT 24

The rates contained in this Notice are the rates proposed by the DISTRICT. However, the Public Service Commission may order rates to be charged that differ from these proposed rates. Such action may result in rates for consumers other than those rates included in this Notice.

EFFECT ON AVERAGE CUSTOMER BILL

If the PSC approves the proposed rates, then the average customer's bill would increase by \$5.47 per month (from \$21.52 to \$26.99). This is a 25.4% increase. The DISTRICT'S average customer uses 4,100 gallons per month.

NOTICE OF RIGHT OF CUSTOMERS TO INTERVENE

Customers of the DISTRICT are advised that the DISTRICT anticipates filing its Application with the PSC on or about May 5, 2000 (PSC Case No.1999-512) and are advised that any corporation, association, body politic or person with a substantial interest in the matter may, by written request, within thirty (30) days after publication of this Notice of the proposed rate changes request to intervene by motion to the PSC. Intervention may be granted beyond the thirty (30) day period for good cause shown. Any motion by customers desiring to intervene shall be submitted to the Public Service Commission, 211 Sower Blvd., P.O. Box 615, Frankfort, Kentucky 40602; Attn: Martin J. Huelsmann, Executive Director (Telephone: 502 564-3940), and shall set forth the grounds for the request, including the status and interest of the party intervening. Intervenors may obtain copies of the rate Application and any other filings made by the **DISTRICT** by contacting the DISTRICT (ATTN: Tommy Woodruff, Superintendent) at the address or telephone number shown below. Any person may examine the rate Application and any other filings made by the DISTRICT at the DISTRICT'S main office located at 301 Dean Road, Greenville, Kentucky 42345 (Telephone: 270 338-1300) or at the Public Service Commission's office located at 211 Sower Blvd., Frankfort, Kentucky 40602 (Telephone: 502 564-3940).

**MUHLENBERG COUNTY WATER DISTRICT
301 DEAN ROAD, P. O. BOX 348
GREENVILLE, KY 42345
TELEPHONE: (270) 338-1300**

EXHIBIT 25

AFFIDAVIT OF PUBLICATION & TEAR SHEETS

(To be filed upon receipt from newspaper)



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

January 5, 2000

Larry Reno
Manager
Muhlenberg County Water District
P. O. Box 348
Greenville, KY. 42345

Honorable Damon R. Talley
Attorney at Law
112 North Lincoln Boulevard
P. O. Box 150
Hodgenville, KY. 42748

RE: Case No. 1999-512
MUHLENBERG COUNTY WATER DISTRICT
(Rates - General)

This letter is to acknowledge receipt of notice of intent to file a rate application in the above case. The notice was date-stamped received on December 30, 1999 and has been assigned Case No. 1999-512. In all future correspondence or filings made in connection with this case, please reference the above case number.

If I can be of any help on procedural matters, please feel free to contact me at 502/564-3940.

Sincerely,


Stephanie Bell
Secretary of the Commission

SB/jc

RECEIVED

DEC 30 1999

PUBLIC SERVICE
COMMISSION

DAMON R. TALLEY, P.S.C.

112 N. LINCOLN BLVD.
P.O. BOX 150
HODGENVILLE, KENTUCKY 42748

TEL. (270) 358-3187
FAX (270) 358-9560

DAMON R. TALLEY

ATTORNEY AT LAW

December 29, 1999

Ms. Helen C. Helton
Executive Director
Public Service Commission
P. O. Box 615
Frankfort, KY 40602

RE: Muhlenberg County Water District
Notice of Intent to File a Rate Application

Dear Ms. Helton:

Case 99-512

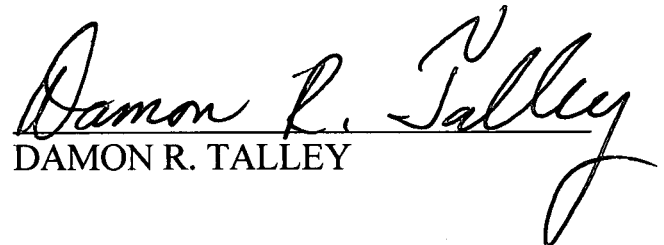
The Muhlenberg County Water District hereby gives notice, pursuant to 807 KAR 5:001, Section 10(2), that it intends to file an application for an adjustment of its rates on or about January 31, 2000.

The application will be based on the 1998 historical test year.

A copy of this letter has been mailed to the Utility Intervention and Rate Division of the Office of the Attorney General.

Yours truly,

DAMON R. TALLEY, P.S.C.


DAMON R. TALLEY

DRT:jt

cc: Attorney General, Utility Intervention and Rate Division
Muhlenberg Co. Water District

COMMONWEALTH OF KENTUCKY

RECEIVED
AUG 04 2000
PUBLIC SERVICE
COMMISSION

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

THE APPLICATION OF MUHLENBERG COUNTY)
WATER DISTRICT FOR A GENERAL RATE) CASE NO. 1999-512
ADJUSTMENT PURSUANT TO THE PROVISIONS) HISTORIC TEST
OF KRS 278.030 and 807 KAR 5:001.) YEAR UTILIZED

*** ** *** ** *** ** *** ** ***


MUHLENBERG COUNTY WATER DISTRICT'S
RESPONSE TO THE COMMISSION'S
JUNE 30, 2000 INFORMATION REQUEST

Comes the MUHLENBERG COUNTY WATER DISTRICT (hereinafter referred to as the "District"), and for its Response to the Commission's June 30, 2000 Order, states as shown on the following pages:

CERTIFICATE OF SERVICE

4/11 This is to certify that I have mailed a true copy of the attached Response this day of August, 2000 to the following:

DAVID EDWARD SPENARD
ASSISTANT ATTORNEY GENERAL
1024 CAPITAL CENTER DRIVE
FRANKFORT, KENTUCKY 40601-8204


DAMON R. TALLEY

Q1. Provide a depreciation schedule of Muhlenberg District's utility plant that includes original cost, the depreciation rate, the annual depreciation expense, and the remaining balance.

RESPONSE: Neither the District nor its accountant, Charles R. Lewis, maintains a depreciation schedule in the format requested by the Commission. Mr. Lewis is revising the current depreciation schedule so that it will be in the format requested by the Commission. The employee who has been assisting him has been on vacation. She is scheduled to return on August 1. The depreciation schedule will be forwarded to the Commission as soon as it has been revised.

WITNESS: CHARLES R. LEWIS, CERTIFIED PUBLIC ACCOUNTANT
P. O. Box 815, Greenville, KY 42345
(270) 338-1709

Q2. Provide a schedule that contains the following information:

- a. the name of each officer or employee of Muhlenberg District;
- b. a description of his or her job duties;
- c. his or her length of employment with Muhlenberg;
- d. his or her test period salary;
- e. his or her current salary;
- f. the number of regulars hours that he or she worked during the test period;
- g. the number of overtime hours that he or she worked during the test period;
- h. his or her current regular and overtime pay rates.

RESPONSE: The information requested in subparts a-g of this question are contained in the attached schedule. The employees have not had a pay increase since January 1, 1998. Therefore, the current regular and overtime pay rates are the same as shown on the attached schedule for the test year (calendar year 1999). There have been no new employees added.

WITNESS: REBECCA WRIGHT, Office Manager/ Bookkeeper, MCWD

MUHLBERG COUNTY WATER DISTRICT 1999 PAYROLL

1	2	3	4	5	6	7	8	9	10	11
LENGTH OF EMPLOY.	EMPLOYEE	DUTY	RATE/99 HRS	WAGES 99'	OT RATE/HRS/99 AMT	C BONUS	CL ALLOW	MEETING	ON CALL	GROSS WAGES
1-4-88 THRU 7-7-99	LARRY RENO	SUPERINTENDENT	\$660.01/WKLY	\$19,008.17			\$113.98	\$250.00		\$19,372.15
1-5-81 THRU PRESENT	JAMES HILL	ASST. SUPERIN.	\$594.01/WKLY	\$33,378.44		\$170.98	\$113.98	\$650.00		\$34,313.40
1-15-79 THRU PRESENT	CARL JACKSON	ASST. SUPERIN.	\$594.01/WKLY	\$31,596.33		\$170.98	\$113.98	\$650.00		\$32,531.29
6-15-99 THRU PRESENT	TOMMY WOODRUFF	SUPERINTENDENT	\$660.01/WKLY	\$18,594.24		\$170.98	\$113.98	\$350.00		\$19,229.20
3-10-79 THRU PRESENT	BRONNER EDWARDS	WORK ORDERS	\$10.64/ 2,020.75	\$21,500.78	\$15.96/103.25/\$1,647.87	\$170.98	\$113.98		\$350.00	\$23,783.61
4-3-85 THRU PRESENT	ANTHONY KIRBY	LINE LOCATOR	\$10.64/ 2,089.25	\$22,336.02	\$15.96/207.25/\$3,307.71	\$170.98	\$113.98		\$275.00	\$26,203.69
5-4-98 THRU PRESENT	KURT SARNECKE	METER READER	\$10.64/ 2,116.5	\$22,519.56	\$15.96/332.75/\$5,310.69	\$170.98	\$113.98		\$400.00	\$28,515.21
8-15-79 THRU PRESENT	PATTI HANCOCK	METER READER	\$10.64/ 1,894.25	\$20,154.82	\$15.96/133.75/\$2,134.65	\$170.98	\$113.98		\$500.00	\$23,074.43
3-7-88 THRU PRESENT	KENNETH SPARKS	METER TEST/INVE	\$10.64/ 2,119	\$22,546.16	\$15.96/471.75/\$7,528.13	\$170.98	\$113.98		\$725.00	\$31,085.25
2-12-90 THRU PRESENT	JEFF SPURLIN	EQUIP/OPERATOR	\$10.64/ 2,082	\$22,258.88	\$15.96/228.25/\$3,642.87	\$170.98	\$113.98		\$350.00	\$26,536.71
3-19-70 THRU PRESENT	DORIS UZZLE	OFFICE CLERK	\$8.70/ 675	\$5,872.51	\$13.05/ .75/ \$9.79	\$81.22				\$5,983.52
10-24-83 THRU PRESENT	REBECCA WRIGHT	OFF/MNGR/BKEEP	\$11.61/ 2,115.5	\$24,560.96	\$17.415/ 50.75/\$883.81	\$170.98		\$650.00		\$26,265.75
4-24-85 THRU PRESENT	LOLA SUE VINCENT	OFFICE CLERK	\$8.70/ 2,115.5	\$18,404.89	\$13.05/ 12.75/\$166.39	\$170.98				\$18,742.26
1-21-91 THRU PRESENT	ROCK L MCDONALD	MAINTEN/OPERAT	\$10.64/ 1,790.75	\$19,053.58	\$15.96/ 201/ \$3,207.96	\$170.98	\$113.98		\$300.00	\$22,848.50
1-9-95 THRU PRESENT	JERI BLAIR	METER READER	\$10.64/ 1,748.50	\$18,604.04	\$15.96/ 65.5/ \$1,045.38	\$170.98	\$113.98		\$250.00	\$20,184.38
4-12-89 THRU PRESENT	rita west	OFFICE CLERK	\$8.70/ 1,931	\$16,799.75	\$13.05/ 1.5/ \$19.58	\$170.98				\$16,980.31
5-4-98 THRU PRESENT	PAUL DOUGLAS	MAINT/LABORER	\$10.64/ 2,120	\$22,556.80	\$15.96/ 320.75/ \$5119.17	\$170.98	\$113.98		\$375.00	\$28,335.93
4-4-94 THRU PRESENT	NACE CREAGER	METER READER	\$10.64/ 2057.75	\$21,894.46	\$15.96/108.25/\$1,727.67	\$170.98	\$113.98		\$375.00	\$24,282.09
1-9-95 THRU PRESENT	KEITH PETERSON	MAINT/ELECTRICIA	\$11.64/ 2,128	\$24,769.98	\$17.46/527.25/\$9,205.79	\$170.98	\$113.98			\$34,280.73
11-24-98 THRU PRESENT	RALPH EDWARDS	MECHANIC	\$11.64/ 2,108	\$24,537.15	\$17.46/63.5/ \$1,108.71	\$170.98	\$113.98			\$25,930.82
8-7-98 THRU 12-31-98	PATSY DUKES	OFFICE CLERK	\$8.70/ 72	\$626.40	\$13.05/ 0					\$626.40
1-4-99 THRU PRESENT	RONDA HEARLD	OFFICE CLERK	\$8.70/ 2,040	\$17,748.02	\$13.05/ 14/ \$182.70	\$170.98				\$18,101.70
4-1-84 THRU 8-26-99	JAMES SPURLIN	COMMISSIONER	\$300.00/MO.	\$3,600.00						\$2,400.00
4-1-84 THRU PRESENT	JOE HOLLAND	COMMISSIONER	\$300.00/MO.	\$3,600.00						\$3,600.00
7-28-88 THRU PRESENT	BOBBY CREAGER	COMMISSIONER	\$300.00/MO.	\$3,600.00						\$3,600.00
9-23-99 THRU PRESENT	BILLY STEELE	COMMISSIONER	\$300.00/MO.	\$900.00						\$900.00
TOTAL				\$460,021.94	\$48,249.87	\$3,329.84	\$1,823.68	\$2,550.00	\$3,900.00	\$517,875.33

SEE ATTACHED EXPLANATORY NOTES

EXPLANATORY NOTES FOR PAYROLL SCHEDULE

1. Column 1: This column shows the length of employment. Note that the former Superintendent, Larry Reno, resigned in mid-year of 1999. His replacement, Tommy Woodruff, commenced working approximately 3 weeks before Larry Reno quit. Thus, the District was paying 2 salaries for this one (1) position during the 3 week transition period.

2. Column 2: Name of Employee. Note that the District's commissioners are listed in the "employee" column although they are not employees. One of the Commissioners, James Spurlin, died in September, 1999 and was replaced by Billy Steele on September 23, 2000. Neither of these commissioners was paid a fee for the month of September.

The District has one (1) part-time employee, Doris Uzzle. She formerly worked full-time. For the past few years, however, she has worked as a part-time office clerk. She works when one of the other office clerks is off for vacation or extended sick leave.

3. Column 3: Duty or Job Title. Most of the job titles are also descriptive of the job duties. If additional information is needed about specific job duties please make a specific request. The District will then furnish the requested information.

4. Column 4: This column shows the hourly or weekly rate for 1999 for each employee and the number of regular hours worked by each employee in 1999. The only employees that are paid a weekly salary instead of an hourly rate are the Superintendent and the two (2) Assistant Superintendents. By law, these employees are exempt from overtime pay.

The District pays its employees on Friday of each week. There were 53 Fridays during 1999. (January 1, 1999 was on a Friday and so was December 31, 1999). Therefore, the employees were paid for 53 pay periods in 1999. This explains why many of the employees were paid regular pay for more than 2,080 hours (40

hours per week times 52 weeks per year equals 2,080 hours).

5. Column 5: This column reflects the "regular pay" earned by each employee during 1999 (regular hours times regular pay rate).
6. Column 6: This column contains the overtime pay rate (1 ½ times regular rate), the number of overtime hours worked in 1999, and the amount of overtime wages earned in 1999 for each employee.
7. Column 7: Christmas Bonus. All full time employees received a Christmas bonus of \$170.98. The part-time clerk received a Christmas bonus of \$81.22.
8. Column 8: Clothing Allowance. All outside workers are paid the sum of \$113.98 (less FICA & Medicare withholding) per year for a clothing allowance. The value is reported to the IRS and is included in the employee's gross wages.
9. Column 9: Meeting Attendance. The Superintendent, the two (2) Assistant Superintendents, and the Office Manager must attend all Board of Commissioners meetings. They are each paid \$50. per meeting.
10. Column 10: On Call. Certain employees alternate "on call" duty at night and on the weekends. This column reflects the amount paid to these employees for being "on call".
11. Column 11: Gross Wages. This column reflects the total gross wages paid to each employee in 1999.

Q3. a. Provide a schedule that lists:

- 1) each of Muhlenberg District's current insurance policies;
- 2) the type of coverage that each policy provides;
- 3) the annual premium for each policy;
- 4) the effective date of each policy's coverage;

RESPONSE: The District recently solicited bids for its insurance coverage. This resulted in substantial savings from the insurance expense incurred in the 1999 test year. All insurance policies are written through the Eaves Insurance, Inc. agency. The type coverage and the amount for each coverage are shown below:

<u>TYPE COVERAGE</u>	<u>ANNUAL PREMIUM</u>
General Liability, Auto and Property	\$15,086
Encroachment Bond	75
Employee Dishonesty Bond	483
Public Officials (D&O)	<u>1,920</u>
Subtotal:	\$17,564
Workers Compensation	<u>5,163</u>
Grand Total	\$22,727

b. Provide all notices from Muhlenberg District's insurance carriers that report a change in coverage or premium from the test period level.

RESPONSE: See attached premium notices from Eave's Insurance, Inc. The effective date of all insurance policies is June 26, 2000. The premium period commences on June 26, 2000 and ends on June 26, 2001.

SUMMARY OF INSURANCE

For: **Muhlenberg Co. Water District**
Tommy Woodruff
P.O. Box 348
Greenville, KY
42345 270-338-1300

Prepared: **07/24/00**
Eaves Insurance Inc.
P. O. Box 778
Greenville, KY
42345 502-338-2410

Coverage	Amount	Company	Policy No	Eff	Exp	Premium
Workers Compensation		Reliance National	NWX 6041747	06/26/00	06/28/01	\$5,163.00
Named States: KY						
Employer's Liability						
Each Accident	500,000					
Disease - Policy Limit	500,000					
Disease - Each Employee	500,000					
BONDS						
Encroachment Bond	5,000	Ohio Casualty	Pending	6/26/00	6/26/01	\$75.00
Employee Dishonesty Bond	500,000	Ohio Casualty	Pending	6/26/00	6/26/01	\$483.00
PUBLIC OFFICIALS	1,000,000	Hartford	OP100359	6/26/00	6/26/01	\$1,920.00

SUMMARY OF INSURANCE

For: Muhlenberg Co. Water District
 Tommy Woodruff
 P.O. Box 348
 Greenville, KY
 42345 270-338-1300

Prepared: 07/11/00
 Eaves Insurance Inc.
 P. O. Box 778
 Greenville, KY
 42345 502-338-2410

Coverage	Amount	Company	Policy No	Eff	Exp	Premium
Commercial Application		Grange Mutual Casualty Company	2226815	06/26/00	06/26/01	\$15,086.00
Premise 1 Building 1 N/S Deane Drive Greenville, KY 42345						
Premise 2 Building 1 Belton Pump Station Belton, KY 42324						
Premise 3 Building 1 Lake Malone Pump Station Dunmor, KY 42339						
Premise 4 Building 1-2 BeechCreek/Weir Pump Stations Greenville, KY 42345						
Premise 5 Building 1 Nebo Pump Station Powderly, KY 42367						
Premise 6 Building 1 Cleaton/Powderly Pump Station Central City, KY 42330						
Premise 7 Building 1 TVA Pump Station @ Drakesboro Drakesboro, KY 42337						
Premise 8 Building 1 Twin Tunnel Water Tank Belton, KY 42324						
Premise 9 Building 1 Lake Malone Water Tank Dunmor, KY 42339						
Premise 10 Building 1 Weir Water Tank Greenville, KY 42345						
Premise 11 Building 1 Nelson Water Tank Central City, KY 42330						
Premise 12 Building 1 Nebo Water Tank Greenville, KY 42345						
Premise 13 Building 1 Dunmor Water Tank Dunmor, KY 42339						
Premise 14 Building 1 Powderly Water Tank Powderly, KY 42367						
Premise 15 Building 1 Depoy Water Tank Greenville, KY 42345						
Premise 16 Building 1 Beech Creek Water Tank Beech Creek, KY 42321						
Premise 17 Building 1 Cleaton Water Tank Cleaton, KY 42332						

SUMMARY OF INSURANCE

For: Muhlenberg Co. Water District
 Tommy Woodruff
 P.O. Box 348
 Greenville, KY
 42345 270-338-1300

Prepared: 6/4/00
 Eaves Insurance Inc.
 P. O. Box 778
 Greenville, KY
 42345 502-338-2410

Coverage	Amount	Company	Policy No	Eff	Exp	Premium
Commercial Application (Continued)						
Premise 18 Building 1 Depoy Pump Station Greenville, KY 42345						
Premise 19 Building 1 TVA Water Tank Drakesboro, KY 42337						
Premise 20 Building 1 Nelson Pump Station Central City, KY 42330						
Premise 21 Building 1 Dunmor Pump Station Dunmor, KY 42339						
Property		Grange Mutual Casualty Company	PPP 2226815	06/26/00	06/26/01	
Premises 001 Building 001 Office Bldg. Coins % 80 Valuation RC Cause of Loss Special Deductible 500 EQ 5% Ded	300,000					
BPP Coins % 80 Valuation RC Cause of Loss Special Deductible 500	100,000					
Mine Sub	50,000					
Additional Coverages office building						
Premises 001 Building 002 Shop Bld. Coins % 80 Valuation RC Cause of Loss Special Deductible 500 EQ 5% Ded	80,000					
mine sub	50,000					
Additional Coverages Shop						
Premises 001 Building 003 Eq. Grage Coins % 80 Valuation ACV Cause of Loss Special Deductible 500 EQ 5% Ded	50,000					
mine sub	50,000					
Additional Coverages Equipment Storage building						
Premises 002 Building 001						

SUMMARY OF INSURANCE

For: Muhlenberg Co. Water District
 Tommy Woodruff
 P.O. Box 348
 Greenville, KY
 42345 270-338-1300

Prepared: 4/00
 Eaves Insurance Inc.
 P. O. Box 778
 Greenville, KY
 42345 502-338-2410

Coverage	Amount	Company	Policy No	Eff	Exp	Premium
Property (Continued)						
Belton Pmp St Coins % 80 Valuation RC Cause of Loss Special Deductible 500 EQ 10 % Ded mine sub	51,385					
Additional Coverages water pump station						
Premises 003 Building 001 Lake Malone Coins % 80 Valuation RC Cause of Loss Special Deductible 500 EQ 10 % Ded mine sub	48,275					
Additional Coverages water pump station Dunmor						
Premises 004 Building 001 Beech Creek Coins % 80 Valuation RC Cause of Loss Special Deductible 500 EQ 10 % Ded mine sub	49,460					
Additional Coverages water pump station Stephen Meadows						
Premises 004 Building 002 Weir Pump Sta Coins % 80 Valuation RC Cause of Loss Special Deductible 500 EQ 10 % Ded mine sub	55,600					
Additional Coverages water pump station Stephen Meadows						
Premises 005 Building 001 Nebo Pump Sta Coins % 80 Valuation RC Cause of Loss Special Deductible 500 EQ 10% Ded mine sub	52,877					
Additional Coverages water pump station Powderly						
Premises 006 Building 001 Cleaton/Pdrly Coins % 80 Valuation RC	99,302					

SUMMARY OF INSURANCE

For: Muhlenberg Co. Water District
 Tommy Woodruff
 P.O. Box 348
 Greenville, KY
 42345 270-338-1300

Prepared: 4/00
 Eaves Insurance Inc.
 P. O. Box 778
 Greenville, KY
 42345 502-338-2410

Coverage	Amount	Company	Policy No	Eff	Exp	Premium
Property (Continued)						
Cause of Loss Deductible EQ 10 % Ded mine sub	Special 500 50,000					
Additional Coverages water pump station						
Premises 007 Building 001 TVA Pump Stat Coins % 80 Valuation RC Cause of Loss Special Deductible 500 EQ 10 % Ded mine sub	50,000 50,000					
Additional Coverages water pump station Drakesboro						
Premises 008 Building 001 Twin Tunnel Coins % 80 Valuation RC Cause of Loss Special Deductible 500 EQ 10 % Ded mine sub	60,000 50,000					
Additional Coverages water pump station Twin Tunnel Area						
Premises 009 Building 001 Lake Malone Coins % 80 Valuation RC Cause of Loss Special Deductible 500 EQ 10 % Ded mine sub	123,000 50,000					
Additional Coverages Water tank 50,000 Gal.- Lake Malone						
Premises 010 Building 001 Weir Tank Coins % 80 Valuation RC Cause of Loss Special Deductible 500 EQ 10% Ded mine sub	70,000 50,000					
Additional Coverages Water tank 123,000 Gal.- Weir						
Premises 011 Building 001 Nelson Tank Coins % 80 Valuation RC Cause of Loss Special Deductible 500 EQ 10% Ded	61,000					

SUMMARY OF INSURANCE

For: Muhlenberg Co. Water District
 Tommy Woodruff
 P.O. Box 348
 Greenville, KY
 42345 270-338-1300

Prepared: 4/00
 Eaves Insurance Inc.
 P. O. Box 778
 Greenville, KY
 42345 502-338-2410

Coverage	Amount	Company	Policy No	Eff	Exp	Premium
Property (Continued)						
mine sub	50,000					
Additional Coverages Water tank 70,000 Gal.- Nelson						
Premises 012 Building 001 Nebo Tank	56,000					
Coins % 80						
Valuation RC						
Cause of Loss Special						
Deductible 500						
EQ 10% Ded						
mine sub	50,000					
Additional Coverages Water tank 61,000 Gal.- Nebo						
Premises 013 Building 001 Dunmor Tank	100,000					
Coins % 80						
Valuation RC						
Cause of Loss Special						
Deductible 500						
EQ 10% Ded						
mine sub	50,000					
Additional Coverages Water tank 61,000 Gal.- Dunmor						
Premises 014 Building 001 Powderly Tank	500,000					
Coins % 80						
Valuation RC						
Cause of Loss Special						
Deductible 500						
EQ 10% Ded						
mine sub	50,000					
Additional Coverages Water tank 20,000 Gal.- Powderly						
Premises 015 Building 001 Depoy Tank	250,000					
Coins % 80						
Valuation RC						
Cause of Loss Special						
Deductible 500						
EQ 10% Ded						
mine sub	50,000					
Additional Coverages Water tank 500,000 Gal.- Depoy						
Premises 016 Building 001 Beech Ck Tank	250,000					
Coins % 80						
Valuation RC						
Cause of Loss Special						
Deductible 500						
EQ 10% Ded						
mine sub	50,000					
Additional Coverages						

SUMMARY OF INSURANCE

For: **Muhlenberg Co. Water District**
Tommy Woodruff
P.O. Box 348
Greenville, KY
42345 270-338-1300

Prepared: 04/00
Eaves Insurance Inc.
P. O. Box 778
Greenville, KY
42345 502-338-2410

Coverage	Amount	Company	Policy No	Eff	Exp	Premium
Property (Continued)						
Water tank 250,000 Gal.- Beech Creek						
Premises 017 Building 001 Cleaton Tank Coins % 80 Valuation RC Cause of Loss Special Deductible 500 EQ 10% Ded mine sub	150,000 50,000					
Additional Coverages Water tank 150,000 Gal.						
Premises 018 Building 001 Depoy Pump St Coins % 80 Valuation RC Cause of Loss Special Deductible 500 EQ 10% mine sub	61,825 50,000					
Additional Coverages Pump station						
Premises 019 Building 001 TVA Tank Coins % 80 Valuation RC Cause of Loss Special Deductible 500 EQ 10% Ded mine sub	200,000 50,000					
Premises 020 Building 001 Nelson Pump Coins % 80 Valuation RC Cause of Loss Special Deductible 500 EQ 10% Ded mine sub	50,000 50,000					
Additional Coverages Elevated tanks 200,000 Gal. - Nelson East of Central City						
Premises 021 Building 001 Dunmor Pump Coins % 80 Valuation RC Cause of Loss Special Deductible 500 Mine Sub Deductible 10	65,000 50,000					
Additional Coverages Dunmor pump station						
General Liability		Grange Mutual Casualty Company	PP 2226815	06/26/00	06/26/01	

SUMMARY OF INSURANCE

For: Muhlenberg Co. Water District
 Tommy Woodruff
 P.O. Box 348
 Greenville, KY
 42345 270-338-1300

Prepared: 2/24/00
 Eaves Insurance Inc.
 P. O. Box 778
 Greenville, KY
 42345 502-338-2410

Coverage	Amount	Company	Policy No	Eff	Exp	Premium
Occurrence						
General Aggregate	2,000,000					
Products/Completed Oper. Aggr.	2,000,000					
Personal & Advertising Injury	1,000,000					
Each Occurrence	1,000,000					
Fire Damage (Any One Fire)	100,000					
Medical Expense (Any One Person)	5,000					
001 Water Companies						
Class Code :	99943					
Premium Basis :	399,566					
(P) PAYROLL - PER \$1,000/PAYROLL						
Business Auto		Grange Mutual Casualty Company	2226815	06/26/00	06/26/01	
Liability						
CSL	1,000,000					
Additional PIP						
Total	20,000					
Uninsured Motorists						
CSL	60,000					
Underinsured Motorists						
CSL	60,000					
* See Attached Vehicle Schedule						
Crime		Grange Mutual Casualty Company	2226815	06/26/00	06/26/01	
Theft, Disappearance & Destruction						
Inside Premises	10,000					
Deductible	0					
Outside Premises	10,000					
Deductible	0					
Blanket						
Equipment Floater			CPP 2226815	06/26/00	06/26/01	
Coverage/ Deductible						
Contractors Equipment						
.....\$156,280						
Telemetry Equipment w/radios.....\$141,000						
1,000						

Q.4. a. (1) List all employment benefits that Muhlenberg District provides to its officers or employees.

RESPONSE: The District provides the following employment benefits for all full time employees:

(a) Health Insurance: District pays 100% of premium for both single and family coverage;

(b) Dental Insurance: District pays 100% of premium for only the employees. The employee has to pay the difference for family coverage;

(c) Short Term Disability & Life Insurance: The District pays 100% of the premium for a combined short term disability (6 months) and life insurance (\$10,000) policy; and

(d) Retirement Program - See Response to question 4b.

(2) For each benefit listed above, identify which employees are eligible to receive that benefit and state the total annual cost of providing that benefit.

RESPONSE: All full time employees are eligible to participate in all benefits provided by the District. The District's total annual cost of providing these benefits is as follows:

(a) Health Insurance \$136,908
(There was a substantial increase in the monthly premium which became effective May 1, 2000.) (See attached invoice.)

(b) Dental Insurance \$3,356
(\$14.72 per employee per mo. X 19 employees x 12 months) (2000 premium is the same as in 1999. See attached invoice).

(c) Short Term Disability \$6,286
(\$523.86 per mo. X 12 mo.) (See attached invoice).

b. (1) List all pension programs that Muhlenberg District provides to its officers or employees.

RESPONSE: The District participates in the County Employees Retirement System.

(2) For each program listed above, identify which employees are eligible to participate in that program and state the total annual cost of maintaining that program.

RESPONSE: All full time employees must participate in the retirement pension program. All employees must contribute 5% of their gross wages and the District contributes 7.17% of the gross wages. (The employer's contribution rate was 7.28% before 7/1/00. See attached notice). The District's total annual cost for 1999 was **\$38,792.**

c. For any employee benefit or pension program that is not available to all employees, explain why all employees are not eligible to participate.

RESPONSE: All full time employees are eligible to participate in all benefits provided by the District.

WITNESS: Rebecca Wright, MCWD
Charles R. Lewis, CPA



GROUP COPY

GROUP BILLING STATEMENT

PAGE NO. - 1

OFFICE USE ONLY	
BILL CYCLE	BILL CLERK
18	20107
BILL CONTROL NO	
1110084-3	
GROUP NO. 909020-400-1	

1	INSURED NAME	2	ID NUMBER	3 COVERAGES				5	BILL FROM DATE	6	HEALTH AMOUNT BILLED	7	OTHER AMOUNT BILLED	8	OTHER AMOUNT BILLED	8	TOTAL AMOUNT BILLED	10	UNPAID CODE	11	LAST KNOWN ADDRESS
				HEALTH	DRUG	OTHER	OTHER														
	BLAIR JERI M		409 86 5650-1	11	11		002	05-01	772.55	.00	69.13	861.68									
	CREAGER WILLIAM M		407 80 7280-8	06	06		002	05-01	250.26	.00	22.39	272.65									
	ROULIS PAUL R		406 66 8762-3	07	07		002	05-01	524.79	.00	46.96	571.75									
	EDWARDS JOHN B		405 08 9081-1	09	09		002	05-01	422.44	.00	37.80	460.24									
	EDWARDS RALPH S		408 56 9355-2	10	10		002	05-01	772.55	.00	69.13	841.68									
	HANCOCK PATTY E		406 84 8542-8	09	09		002	05-01	422.44	.00	37.80	460.24									
	HEARLD RONDA		407 81 5589-9	06	06		002	05-01	250.26	.00	22.39	272.65									
	HILL JAMES W		403 50 1191-2	07	07		002	05-01	524.79	.00	46.96	571.75									
	HOLLAND RITA C		405 80 6965-7	09	09		002	05-01	422.44	.00	37.80	460.24									
	JACKSON CARL A		402 76 8594-1	11	11		002	05-01	772.55	.00	69.13	841.68									
	KIRBY ANTHONY B		401 13 6161-2	11	11		002	05-01	772.55	.00	69.13	841.68									
	MCDONALD ROCK L		401 94 2937-5	11	11		002	05-01	772.55	.00	69.13	841.68									
	PETERSON ADRIAN K		402 72 2784-1	10	10		002	05-01	772.55	.00	69.13	841.68									
	SARNECKE KURT A		402 21 8156-1	11	11		002	05-01	772.55	.00	69.13	841.68									
	SPARKS KENNETH N		406 84 9086-8	09	09		002	05-01	422.44	.00	37.80	460.24									
	SPURLIN JEFF T		402 94 1642-7	06	06		002	05-01	250.26	.00	22.39	272.65									
	VINCENT LOLA S		406 54 9949-5	07	07		002	05-01	524.79	.00	46.96	571.75									
	WOODRUFF THOMAS K		404 76 8263-7	07	07		002	05-01	524.79	.00	46.96	571.75									
	WRIGHT REBECCA D		400 75 6972-5	07	07		002	05-01	524.79	.00	46.96	571.75									
	TOTAL		19						19472.36	.00	937.68	11409.62									

BCBS 2563 2568

Independent Licensees of the Blue Cross and Blue Shield Association.
 Anthem Blue Cross and Blue Shield is the trade name of Anthem Health Plans of Kentucky, Inc.
 ® Registered marks Blue Cross and Blue Shield Association.

Make check payable to:
 Anthem Blue Cross and Blue Shield

For assistance, call your Customer Service Representative at: 502-267-3001 OR 800-801-8365	
PAYS FROM	PAYS TO
05-01-00	06-01-00
DATE BILLED	AMOUNT BILLED
04-20-00	\$11409.42
DUE DATE	AMOUNT ENCLOSED
05-01-00	
PHONE NO. ON FILE	NEW PHONE NO.
(270) 338-1300	

MUHLENBERG CO WATER DISTRICT
 PO BOX 348
 GREENVILLE KY 42345-0348

ANTHEM BLUE CROSS AND BLUE SHIELD
 PO BOX 37920
 LOUISVILLE, KY 40233-7920



P.O. Box 242810
Louisville, KY 40224-2810
502-423-1863
1-800-955-2030

BILLING PERIOD

FROM: 08-01-00
THROUGH: 08-31-00

DUE DATE: 08-01-00

CONTRACT TYPE
1-EMPLOYEE
2-EMPLOYEE AND SPOUSE
3-EMPLOYEE AND CHILD(REN)
4-FAMILY

BILLING CODES

10-ADDITION
20-TERMINATION
30 - EFFECTIVE DATE CHANGE
40 - STATUS CHANGE

PAGE: 1

GROUP NUMBER: M00043-0008

MEMBER ID NUMBER	MEMBER NAME LAST FIRST	CT	EFFECTIVE DATE	BILL CODE	DELTA PREMIER		DELTA PREFERRED		DELTA CARE		AMOUNT DUE
					ADJUSTMENTS	PREMIUM	ADJUSTMENTS	PREMIUM	ADJUSTMENTS	PREMIUM	
404085450	BLAIR, JERI	2	03/01/95		28.33						28.33
407807280	CREAGER, WILLIAM	1	05/01/94		14.72						14.72
406668762	DOUGLAS, PAUL	1	08/01/98		14.72						14.72
405089081	EDWARDS, JOHN	1	11/01/96		14.72						14.72
400569358	EDWARDS, RALPH	1	02/01/99		14.72						14.72
406848542	HANCOCK, PATTY	1	01/07/95		14.72						14.72
407805589	HEARLD, RONDA	1	04/01/99		14.72						14.72
403501191	HILL, JAMES	1	10/01/90		14.72						14.72
402768594	JACKSON, CARL	2	09/22/96		28.33						28.33
401134161	KIRBY, ANTHONY	1	02/01/94		14.72						14.72
401942937	MCDONALD, ROCK	4	01/01/98		44.31						44.31
402722784	PETERSON, ADRIAN	1	03/01/95		14.72						14.72
402218156	SARNECKE, KURT	4	01/01/00		44.31						44.31
406849006	SPARKS, KENNETH	3	08/01/93		28.33						28.33
402941642	SPURLIN, JEFF	1	02/14/91		14.72						14.72
406549949	VINCENT, LOLA	1	10/01/90		14.72						14.72
405804965	WEST, RITA	1	10/01/90		14.72						14.72
404768263	WOODRUFF, THOMAS	1	09/01/99		14.72						14.72
400746972	WRIGHT, REBECCA	2	10/01/99		28.33						28.33

Handwritten signature and date: 7-24-00

Please Remit To

DELTA DENTAL PLAN OF KENTUCKY
DEPARTMENT 94412
LOUISVILLE KY 40294-4412

MUHLENBERG COUNTY
WATER DISTRICT
PO BOX 348
GREENVILLE
KY 42345

Group Copy

BILLING STATEMENT

MUHLENBURG CO WATER
PO BOX 348

AGENCY 38
GROUP 90902RM
DIVISION 00000

GREENVILLE KY 42345

INSURED NAME	CERT. NO.	CLASS CODE	LIFE			S.T.D.	PREMIUM
			LIFE	DEP LIFE	AD&D		
BLAIR, JERI M.	404085450	01	10000	YES	10000	240	25.95
CREAGER, WILLIAM N.	407807280	01	10000		10000	240	25.16
DOUGLAS, PAUL H.	406668762	01	10000	YES	10000	260	27.53
EDWARDS, JOHN B.	405089081	01	10000	YES	10000	240	25.95
EDWARDS, RALPH G.	400569357	01	10000	YES	10000	290	29.90
HANCOCK, PATRICIA E.	406848542	01	10000	YES	10000	240	25.95
HEARLD, RONDA D.	407805589	01	10000	YES	10000	210	23.58
HILL, JAMES W.	403501191	01	10000	YES	10000	340	33.85
JACKSON, CARL A.	402768594	01	10000	YES	10000	360	35.43
KIRBY, ANTHONY B.	401134161	01	10000	YES	10000	240	25.95
MCDONALD, ROCK L.	401942937	01	10000	YES	10000	260	27.53
PETERSON, ADRIAN K.	402722784	01	10000	YES	10000	240	25.95
SARNECKE, KURT A.	402218156	01	10000	YES	10000	260	27.53
SPARKS, KENNETH H.	406849006	01	10000	YES	10000	240	25.95
SPURLIN, JEFF T.	402941642	01	10000		10000	240	25.16
VINCENT, LOLA S.	406549949	01	10000	YES	10000	200	22.79
WEST, RITA C.	405804965	01	10000	YES	10000	240	25.95
WOODRUFF, THOMAS K.	404768263	01	10000	YES	10000	360	35.43
WRIGHT, REBECCA D.	400746972	01	10000	YES	10000	270	28.32
** SUB TOTALS **:	LIVES:	19	190000	17	190000	4970	523.86

- - CONT. - -

TW.

K003890902RM00000430M





KENTUCKY RETIREMENT SYSTEMS
Perimeter Park West
1260 Louisville Road
Frankfort, Kentucky 40601



Kentucky Employees Retirement System
County Employees Retirement System
State Police Retirement System

Pamala S. Johnson
General Manager
Phone 502-564-4646
FAX# 502-564-5656

MEMORANDUM

TO: Agencies Participating in the County Employees Retirement System

FROM: Pamala S. Johnson, General Manager
Kentucky Retirement Systems

DATE: May 18, 2000

SUBJECT: **Contribution Rates for Fiscal Year 2000-2001**

The following employer contribution rates have been adopted by the Board of Trustees at their May 18, 2000, meeting in accordance KRS 61.565 and the recommendation of the actuary as a result of legislative changes enacted by the 2000 General Assembly.

CERS nonhazardous	7.17%
CERS hazardous	16.78%

These rates are higher than the rates adopted by the Board at their November 18, 1999, Meeting as a result of the enactment of Senate Bill 288 and House Bill 258.

Please distribute copies of this memorandum to the individuals responsible for your budget.



5. (a) (1) Does Muhlenberg District provide family health insurance coverage?

RESPONSE: Yes

(2) If yes,

(a) Who pays for the difference in premiums between single and family coverage?

RESPONSE: Muhlenberg District

(b) If Muhlenberg District pays the difference, are all employees given the option of taking family coverage or the difference in premiums as additional compensation?

RESPONSE: No

WITNESS: Rebecca Wright, MCWD

Q6. a. List all persons or entities to whom Muhlenberg District provides free water service.

RESPONSE: Pursuant to its PSC approved tariffs, the District provides free water to its three (3) commissioners and to the volunteer fire departments that have agreed to report their water usage to the District. The Muhlenberg District Office and Shop also receive free water.

b. For each person or entity listed, state:

- (1) the amount of free water (in gallons) provided during the test period; and,
- (2) the total cost of providing free water service during the test period.

RESPONSE:

<u>NAME</u>	<u>1999 USAGE GALLONS</u>	<u>RETAIL COST</u>
Bobby Creager	68,000	\$353.
Joe Holland	17,800	145.
James Spurlin (Jan-Oct)	29,900	168.
Billy Steele (Nov-Dec)	15,000	84.
Muhlenberg District Office & Shop	83,900	431.
Beechmont Fire Dept	20,800	186.
Dunmor Fire Dept	168,800	689.
Graham Fire Dept	47,300	231.
Nelson Fire Dept	32,900	189.



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

August 8, 1985

James Spurlin, Chairman
Mulenberg County Water District #3
P.O. Box 67
Bremen, KY 42325

RE: Tariff Filing Concerning Free Water to Commissioners

Dear Mr. Spurlin:

The above referenced tariff filing has been received and reviewed without objection. An accepted copy is enclosed for your files.

Please be advised that any usage resulting from free service would be included in the rate making process if and when it arises.

Sincerely,

John Geoghegan
Public Utility Rate Analyst

JG/lad

Enclosure

Muhlenberg County Water District
Greenville, Kentucky 42345

P.S.C. Ky. No. _____

Sheet No. 1 of 1

Cancelling P.S.C. Ky. No. _____

Sheet No. _____

RULES AND REGULATIONS

**AMENDMENT TO TARIFF SHEET OF
MUHLENBERG COUNTY WATER DISTRICT**

Effective the date of approval by the Public Service Commission for the Commonwealth of Kentucky pursuant to KRS 278.170(2), the three (3) commissioners of the Muhlenberg County Water District will be authorized to receive free water for as long as they are commissioners of the Muhlenberg County Water District. The free water shall be in addition to the salary provided for by KRS 74.020(5).

The above amendment to the tariffs of the Muhlenberg County Water District was approved at a regular commission meeting on the 13 day of May, 1985.

MUHLENBERG COUNTY WATER DISTRICT

BY: James C. Spurlin
JAMES SPURLIN, CHAIRMAN

ATTEST:

Kenneth C. Galyen
KENNETH GALYEN, SECRETARY

PUBLIC SERVICE COMMISSION
COMMONWEALTH OF KENTUCKY
FRANKFURT

APPROVED:

WARRANT:

J. Geoghegan

DATE OF ISSUE May 13 1985
Month Day Year

DATE EFFECTIVE *See note below
Month Day Year

ISSUED BY James C. Spurlin
Name of Officer

Title Address
Commission issued by Muhlenberg County Water District, Greenville, Kentucky

*Date effective - date when stamp of approval obtained from Public Service Commission issued by Muhlenberg County Water District, Greenville, Kentucky

FOR: _____
Community, Town or City
P.S.C. _____
SHEET NO: _____
CANCELLING P.S.C NO. _____
SHEET NO: _____

MUHLENBERG COUNTY WATER DISTRICT
NAME OF ISSUING CORPORATION

CLASSIFICATION OF SERVICE

RATE PER UNIT

Any fire department which does not receive public funds from the Commonwealth of Kentucky, or any political subdivision thereof, for the purpose of offsetting fifty percent or more of its operational expenses may withdraw water from the Muhlenberg County Water District's facilities at no charge to extinguish fires or for firefighting training. A fire department making such withdrawals from the Muhlenberg County Water District's facilities shall provide an estimate of its withdrawals to Muhlenberg County Water District at the end of each month.

DATE OF ISSUE 11-27-95 DATE EFFECTIVE ON PSC APPROVAL
ISSUED BY: Joseph L. Hall TITLE Chairman
Name of officer

Issued by authority of an Order of the Public Service Commission of Kentucky

In Case No. _____ Dated _____

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

DEC 15 1995

PURSUANT TO 807 KAR 5.011,
SECTION 9(1)

BY: Jordan C. Neal
FOR THE PUBLIC SERVICE COMMISSION

Q7. If Muhlenberg Water District provided water service to members of its Board of Commissioners, explain how the provisions of such service is consistent with the salary limitations of KRS 74.020(6).

RESPONSE: See the tariff dated August 8, 1985 which is attached to the response to question 6. The PSC approved tariff states, "The free water shall be in addition to the salary provided for by KRS 74.020(5)."

WITNESS: Rebecca Wright, MCWD

Q8. Provide a copy of the resolution or ordinance of Muhlenburg County Fiscal Court establishing the current level of compensation for the members of Muhlenberg District's Board of Commissioners.

RESPONSE: The current level of compensation for the members of the District's Board of Commissioners is \$3,600 per year. It has been at this level since on or before January 1986. The District believes the salary level was originally set by the Muhlenberg County Fiscal Court. The District has not yet been able to locate a copy of the Court Order.

The District's Treasurer, Bobby Creagher, receives an additional \$200. per year pursuant to KRS 74.050.

WITNESS: Rebecca Wright, Office Manager/ Bookkeeper, MCWD
Brent Yonts, Attorney

Q9. Provide documentary evidence that the Muhlenberg County Judge/Executive has approved Muhlenberg District's employment of private legal counsel.

RESPONSE: See attached Order dated May 10, 1979 signed by the Muhlenberg County Judge/Executive.

WITNESS: Brent Yonts, Attorney

MUHLENBERG FISCAL COURT

ORDER

On request of the Muhlenberg County Water District for authority to employ Brent Yonts on a monthly retainer basis pursuant to letter agreement with the Muhlenberg County Water District and Brent Yonts, with the retainer fees being paid from Water District funds, the Muhlenberg Fiscal Court does hereby authorize, approve and ratify the actions of the Muhlenberg County Water District in so employing Brent Yonts.

This the 10 day of May, 1979.

s/Robert Draper

ROBERT DRAPER,
Muhlenberg County Judge/Executive

STATE OF KENTUCKY }
COUNTY OF MUHLENBERG } SCT.

I, Gaylan Spurlin, Clerk of the Muhlenberg County Court,
hereby certify that the foregoing is a true and correct copy of the original.

GAYLAN SPURLIN, Clerk

BY: *Ben Duall* D.C.

Q10. Explain why Muhlenberg District did not use the Muhlenberg County Attorney to provide legal advice and counsel.

RESPONSE: The District has used private legal counsel instead of the County Attorney since 1979. The District needed an attorney who could attend the monthly Board of Commissioners meetings and could give top priority to the District's legal matters. The County Attorney (both then and now) does not have any experience in representing utilities before PSC.

WITNESS: Joe Holland, Chairman, MCWD
Brent Yonts, Attorney
Damon R. Talley, Attorney

Q11. Provide invoices or other documentary evidence to support the levels of the following accounts:

a. Purchased Water \$650,364

RESPONSE: One copy of the District's General Ledger has been filed in the original case file. Additional copies will be filed upon request. For documentation of purchased water expense, see the General Ledger Account #610-1.

b. Purchased Power \$41,404

RESPONSE: See General Ledger, Account #615-1.

c. Materials and Supplies \$75,948

RESPONSE: See the following accounts contained in the General Ledger:

<u>Account #</u>	<u>Description</u>	<u>Amount</u>
620-1	Pump Station Operation Supplies	\$3,521.81
620-2	Operation Supplies & Expenses	3,631.58
635-5	Tank Maintenance	1,686.76
636-1	Maintenance of Pumping Equip.	7,660.62
636-2	Equipment Repairs	5,908.71
636-5	Contract Labor	735.00
636-6	Maintenance of Mains	38,372.13
637-6	Maintenance of Meters	5,611.11
638-6	Maintenance of Hydrants	1,904.39
685-8	Office & Garage Maintenance	2,833.66
686-8	Office Cleaning & Maintenance	<u>4,082.60</u>
	Total:	\$75,948.37

d. Transportation Expense \$26,820

RESPONSE: See General Ledger, Account # 650-8 & 651-8.

e. Miscellaneous Expense \$82,932

RESPONSE: See General Ledger, Account # 675-8, 676-7, 677-8, 678-8, 679-8, 682-8, and 697-8.

f. Advertising Expense \$1,116

RESPONSE: See General Ledger, Account # 660-8

WITNESS: Rebecca Wright, MCWD
Charles R. Lewis, CPA

TERMINAL NUMBER: A
 RUN DATE: 06/14/00

MUHLENBERG COUNTY WATER DISTRICT
 GENERAL LEDGER TRIAL BALANCE

PAGE 1

PROFIT CENTER: ALL
 FOR THE PERIOD 01/01/99 TO 12/31/99

ACCOUNT #	DESCRIPTION	BEGINNING BALANCE	TOTAL DEBITS	TOTAL CREDITS	NET CHANGE	ENDING BALANCE
105	105 CONSTR. WORK IN PROGRESS	0.00	5,338.53	5,338.53-	0.00	0.00
	TRX-DATE DR-AMOUNT CR-AMOUNT SOURCE REFERENCE					
	03/31/99 5,338.53 0.00 ASSET					
	04/30/99 0.00 5,338.53- ERROR IN MARCH					
108	108 ACCU DEPR/UTIL PLT IN SERV	3,200,622.28 CR	10,007.00	286,932.00-	276,925.00-	3,477,547.28 CR
	TRX-DATE DR-AMOUNT CR-AMOUNT SOURCE REFERENCE					
	01/31/99 0.00 20,000.00- ASSET					
	02/28/99 0.00 20,000.00- ASSET					
	03/31/99 0.00 20,000.00- ASSET					
	04/30/99 0.00 20,000.00- ASSET					
	05/31/99 0.00 20,000.00- ASSET					
	06/30/99 0.00 20,000.00- ASSET					
	07/31/99 0.00 20,000.00- ASSET.					
	08/31/99 0.00 20,000.00- ASSET					
	09/30/99 0.00 20,000.00- ASSET					
	10/31/99 0.00 20,000.00- ASSET					
	11/30/99 0.00 20,000.00- ASSET					
	12/31/99 0.00 20,000.00- ASSET					
	12/31/99 10,007.00 0.00 FYE DEC 99 ADJUSTING ENTRY					
	12/31/99 0.00 46,932.00- FYE DEC 99 ADJUSTING ENTRY					
126-1	126-1 DEPOSIT FUND	70,780.35	22,283.58	16,223.31-	6,060.27	76,840.62
	TRX-DATE DR-AMOUNT CR-AMOUNT SOURCE REFERENCE					
	01/31/99 0.00 1,330.96- ASSET					
	01/31/99 929.19 0.00 ASSET					
	02/28/99 0.00 808.16- ASSET					
	02/28/99 1,640.95 0.00 ASSET					
	03/31/99 0.00 1,169.62- ASSET					
	03/31/99 2,130.76 0.00 ASSET					
	04/30/99 0.00 968.54- ASSET					
	04/30/99 1,808.98 0.00 ASSET					
	05/31/99 0.00 1,131.13- ASSET					
	05/31/99 2,092.95 0.00 ASSET					
	06/30/99 0.00 1,050.57- ASSET					
	06/30/99 2,331.39 0.00 ASSET					
	07/31/99 0.00 1,168.59- ASSET					
	07/31/99 1,935.82 0.00 ASSET					
	08/31/99 0.00 1,453.27- ASSET					
	08/31/99 2,176.62 0.00 ASSET					
	09/30/99 0.00 1,330.86- ASSET					
	09/30/99 2,775.08 0.00 ASSET					
	10/31/99 0.00 1,733.13- ASSET					
	10/31/99 1,621.26 0.00 INCOME					
	11/30/99 0.00 1,652.35- ASSET					
	11/30/99 1,578.60 0.00 ASSET					
	12/31/99 0.00 2,426.13- ASSET					
	12/31/99 1,261.98 0.00 ASSET					

ACCOUNT #	DESCRIPTION	BEGINNING BALANCE	TOTAL DEBITS	TOTAL CREDITS	NET CHANGE	ENDING BALANCE
126-2	126-2 BOND AND INTEREST GRAHAM	0.00	0.00	0.00	0.00	0.00
126-3	126-3 BOND AND INTEREST MCWD	30,619.54	367,856.12	353,197.50-	14,658.62	45,278.16
	TRX-DATE DR-AMOUNT CR-AMOUNT SOURCE REFERENCE					
	01/31/99 35,401.13 0.00 ASSET					
	02/28/99 29,411.21 0.00 ASSET					
	03/31/99 29,507.88 0.00 ASSET					
	04/30/99 29,561.12 0.00 ASSET					
	05/31/99 29,664.23 0.00 ASSET					
	06/30/99 0.00 104,575.00- ASSET					
	06/30/99 35,661.79 0.00 ASSET					
	07/31/99 29,581.74 0.00 ASSET					
	08/31/99 29,643.43 0.00 ASSET					
	09/30/99 29,715.63 0.00 ASSET					
	10/31/99 29,820.68 0.00 ASSET					
	11/30/99 0.00 1,047.50- ASSET					
	11/30/99 29,887.44 0.00 ASSET					
	12/31/99 29,999.84 0.00 ASSET					
	12/31/99 0.00 247,575.00- ASSET					
126-4	126-4 DEPRECIATION FUND	27,344.68	13,376.62	20,742.60-	7,365.98-	19,978.70
	TRX-DATE DR-AMOUNT CR-AMOUNT SOURCE REFERENCE					
	01/31/99 1,135.81 0.00 ASSET					
	02/28/99 1,129.75 0.00 ASSET					
	03/31/99 1,132.36 0.00 ASSET					
	03/31/99 0.00 20,742.60- ASSET					
	04/30/99 1,121.87 0.00 ASSET					
	05/31/99 1,091.11 0.00 ASSET					
	06/30/99 1,112.58 0.00 ASSET					
	07/31/99 1,099.27 0.00 ASSET					
	08/31/99 1,103.45 0.00 ASSET					
	09/30/99 1,106.35 0.00 ASSET					
	10/31/99 1,111.06 0.00 ASSET					
	11/30/99 1,112.82 0.00 ASSET					
	12/31/99 1,120.19 0.00 ASSET					
126-5	126-5 DEPRECIATION FUND C D'S	316,837.56	7,436.64	201,878.33-	194,441.69-	122,395.87
	TRX-DATE DR-AMOUNT CR-AMOUNT SOURCE REFERENCE					
	01/31/99 1,157.11 0.00 ASSET					
	01/31/99 0.00 100,000.00- TRANSFER OF CD TO GENERAL					
	02/28/99 895.87 0.00 ASSET					
	03/31/99 839.58 0.00 ASSET					
	04/30/99 552.17 0.00 ASSET					
	04/30/99 0.00 70,282.29- TRANSFER					
	05/31/99 530.14 0.00 ASSET					
	06/30/99 549.74 0.00 ASSET					
	07/31/99 0.00 31,596.04- TRANSFER					
	07/31/99 516.16 0.00 ASSET					
	08/31/99 448.77 0.00 ASSET					
	09/30/99 450.44 0.00 ASSET					
	10/31/99 472.01 0.00 ASSET					

ACCOUNT #	DESCRIPTION	BEGINNING BALANCE	TOTAL DEBITS	TOTAL CREDITS	NET CHANGE	ENDING BALANCE
	11/30/99	473.84	0.00	ASSET		
	12/31/99	550.81	0.00	ASSET		
126-6	126-6 CONSTRUCTION FUND	5,319.36	19.17	5,338.53-	5,319.36-	0.00
	TRX-DATE DR-AMOUNT CR-AMOUNT SOURCE REFERENCE					
	01/31/99 6.75 0.00 ASSET					
	02/28/99 6.10 0.00 ASSET					
	03/31/99 0.00 5,338.53- ASSET					
	03/31/99 6.32 0.00 ASSET					
126-7	126-7 GENERAL FUND C D	0.00	0.00	0.00	0.00	0.00
126-8	126-8 BOND ISSUE 1995 C D	180,000.00	0.00	0.00	0.00	180,000.00
126-9	126-9 1995 BOND CASH	0.00	0.00	0.00	0.00	0.00
131-0	131-0 CASH GENERAL FUND	31,955.86	2,246,917.03	2,263,101.41-	16,184.38-	15,771.48
	TRX-DATE DR-AMOUNT CR-AMOUNT SOURCE REFERENCE					
	01/31/99 0.00 32,588.25- PR0199					
	01/31/99 263,202.59 0.00 ASSET					
	01/31/99 0.00 148,471.72-					
	02/28/99 0.00 27,279.78- PR0299					
	02/28/99 174,139.66 0.00 ASSET					
	03/31/99 0.00 25,024.77- PR0399					
	03/31/99 167,933.73 0.00 ASSET					
	03/31/99 0.00 146,799.20- ASSET					
	04/30/99 0.00 34,560.79- PR0499					
	04/30/99 214,702.15 0.00 ASSET					
	04/30/99 0.00 184,472.57- ASSET					
	05/31/99 0.00 26,862.67- PR0599					
	05/31/99 174,203.84 0.00 ASSET					
	05/31/99 0.00 154,956.25- ASSET					
	06/30/99 0.00 26,154.95- PR0699					
	06/30/99 159,561.24 0.00 ASSET					
	06/30/99 0.00 134,113.90- ASSET					
	07/31/99 0.00 34,341.32- PR0799					
	07/31/99 192,136.52 0.00 ASSET					
	07/31/99 0.00 153,744.19- ASSET					
	08/31/99 0.00 25,519.48- PR0899					
	08/31/99 192,438.28 0.00 ASSET					
	08/31/99 0.00 152,987.34- ASSET					
	09/30/99 0.00 26,320.14- PR0999					
	09/30/99 185,666.04 0.00 ASSET					
	09/30/99 0.00 152,138.84- ASSET					
	10/30/99 0.00 31,457.35- PR1099					
	10/31/99 196,362.53 0.00 ASSET					
	10/31/99 0.00 147,091.72- ASSET					
	11/30/99 0.00 29,336.97- PR1199					
	11/30/99 179,928.21 0.00 ASSET					
	11/30/99 0.00 162,135.48- ASSET					
	12/31/99 0.00 32,187.14- PR1299					

ACCOUNT #	DESCRIPTION	BEGINNING BALANCE	TOTAL DEBITS	TOTAL CREDITS	NET CHANGE	ENDING BALANCE
	12/31/99	146,642.24	0.00	ASSET		
	12/31/99	0.00	142,969.58-	ASSET		
	12/31/99	0.00	231,587.01-	ADJUSTMENT TO FEB 99 ENTRY		
131-1	131-1 PETTY CASH	50.00	231,587.01	231,587.01-	0.00	50.00
	TRX-DATE DR-AMOUNT CR-AMOUNT	SOURCE	REFERENCE			
	02/28/99 0.00	231,587.01-	ASSET			
	12/31/99 231,587.01	0.00	ADJUSTMENT TO FEB 99 ENTRY			
131-2	131-2 CHANGE FUND	200.00	100.00	0.00	100.00	300.00
	TRX-DATE DR-AMOUNT CR-AMOUNT	SOURCE	REFERENCE			
	02/28/99 100.00	0.00	CHANGE FOR 3RD CASHIER DRAWER			
141	141 CUSTOMER ACCTS. REC. WATER	18,414.05	1,803,014.18	1,803,621.73-	607.55-	17,806.50
	TRX-DATE DR-AMOUNT CR-AMOUNT	SOURCE	REFERENCE			
	01/31/99 143,176.12	0.00	ASSET			
	01/31/99 0.00	145,119.44-	ASSET			
	02/28/99 161,724.56	0.00	ASSET			
	02/28/99 0.00	154,226.10-	ASSET			
	03/31/99 113,294.94	0.00	ASSET			
	03/31/99 0.00	125,466.25-	ASSET			
	04/30/99 129,776.55	0.00	ASSET			
	04/30/99 0.00	124,248.32-	ASSET			
	05/31/99 160,340.13	0.00	ASSET			
	05/31/99 0.00	155,660.03-	ASSET			
	06/30/99 135,221.46	0.00	ASSET			
	06/30/99 0.00	140,213.39-	ASSET			
	07/31/99 152,969.98	0.00	ASSET			
	07/31/99 0.00	144,463.86-	ASSET			
	08/31/99 164,632.21	0.00	ASSET			
	08/31/99 0.00	171,657.05-	ASSET			
	09/30/99 169,031.51	0.00	ASSET			
	09/30/99 0.00	161,323.41-	ASSET			
	10/31/99 183,090.41	0.00	ASSET			
	10/31/99 0.00	178,036.04-	ASSET			
	11/30/99 157,809.79	0.00	ASSET			
	11/30/99 0.00	162,201.00-	ASSET			
	12/31/99 131,946.52	0.00	ASSET			
	12/31/99 0.00	133,799.56-	ASSET			
	12/31/99 0.00	7,207.28-	FYE DEC 99 ADJUSTING ENTRY			
141-1	141-1 CUSTOM.ACCTS. REC. OTHER	0.00	0.00	0.00	0.00	0.00
142	142 ACCOUNTS RECEIVABLE D'BORO	5,051.40	54,952.80	55,901.00-	948.20-	4,103.20
	TRX-DATE DR-AMOUNT CR-AMOUNT	SOURCE	REFERENCE			
	01/01/99 0.00	5,051.40-	FYE DEC 98 ADJUSTING ENTRY			
	01/31/99 5,051.40	0.00	ASSET			
	01/31/99 0.00	5,051.40-	ASSET			
	02/28/99 4,389.53	0.00	ASSET			
	02/28/99 0.00	4,389.53-	ASSET			
	03/31/99 3,550.38	0.00	ASSET			

ACCOUNT #	DESCRIPTION	BEGINNING BALANCE	TOTAL DEBITS	TOTAL CREDITS	NET CHANGE	ENDING BALANCE
	03/31/99	0.00	3,550.38-			ASSET
	04/30/99	4,106.32	0.00			ASSET
	04/30/99	0.00	4,106.32-			ASSET
	05/31/99	3,913.66	0.00			ASSET
	05/31/99	0.00	3,913.66-			ASSET
	06/30/99	3,853.44	0.00			ASSET
	06/30/99	0.00	3,853.44-			ASSET
	07/31/99	4,359.21	0.00			ASSET
	07/31/99	0.00	4,359.21-			ASSET
	08/31/99	4,357.64	0.00			ASSET
	08/31/99	0.00	4,357.64-			ASSET
	09/30/99	4,752.80	0.00			ASSET
	09/30/99	0.00	4,752.80-			ASSET
	10/31/99	4,405.59	0.00			ASSET
	10/31/99	0.00	4,405.59-			ASSET
	11/30/99	3,817.10	0.00			ASSET
	11/30/99	0.00	3,817.10-			ASSET
	12/31/99	4,292.53	0.00			ASSET
	12/31/99	0.00	4,292.53-			ASSET
	12/31/99	4,103.20	0.00			FYE DEC 99 ADJUSTING ENTRY
142-1	142-1 RETURNED CHECKS	674.35	2,794.80	2,786.13-	8.67	683.02
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	01/31/99	0.00	158.10-		INCOME	
	01/31/99	168.57	0.00		ASSET	
	02/28/99	0.00	249.18-		INCOME	
	02/28/99	135.45	0.00		LIABILITY	
	03/31/99	0.00	104.68-		ASSET	
	03/31/99	199.23	0.00		ASSET	
	04/30/99	0.00	179.31-		ASSET	
	04/30/99	260.56	0.00		ASSET	
	05/31/99	0.00	171.83-		ASSET	
	05/31/99	74.21	0.00		ASSET	
	06/30/99	0.00	166.70-		ASSET	
	06/30/99	471.48	0.00		ASSET..	
	07/31/99	0.00	491.68-		ASSET	
	07/31/99	264.47	0.00		ASSET	
	08/31/99	0.00	180.12-		INCOME	
	08/31/99	331.73	0.00			
	09/30/99	0.00	342.16-		ASSET	
	09/30/99	497.66	0.00		ASSET	
	10/31/99	0.00	485.20-		ASSET	
	10/31/99	173.92	0.00		ASSET	
	11/30/99	0.00	122.17-		ASSET	
	11/30/99	217.52	0.00		LIABILITY	
	12/31/99	0.00	135.00-		ASSET	
142-2	142-2 ACCOUNTS RECEIVABLE TVA	0.00	56,523.81	56,523.81-	0.00	0.00
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	01/31/99	7,075.79	0.00		ASSET	
	01/31/99	0.00	7,075.79-		ASSET	

ACCOUNT #	DESCRIPTION	BEGINNING BALANCE	TOTAL DEBITS	TOTAL CREDITS	NET CHANGE	ENDING BALANCE
	02/28/99	6,036.61	0.00			ASSET
	02/28/99	0.00	6,036.61-			ASSET
	03/31/99	5,525.94	0.00			ASSET
	03/31/99	0.00	5,525.94-			ASSET
	04/30/99	4,533.59	0.00			ASSET
	04/30/99	0.00	4,533.59-			ASSET
	05/31/99	4,259.30	0.00			ASSET
	05/31/99	0.00	4,259.30-			ASSET
	06/30/99	4,009.54	0.00			ASSET
	06/30/99	0.00	4,009.54-			ASSET
	07/31/99	4,754.36	0.00			ASSET
	07/31/99	0.00	4,754.36-			ASSET
	08/31/99	4,442.16	0.00			ASSET
	08/31/99	0.00	4,442.16-			ASSET
	09/30/99	5,082.17	0.00			ASSET
	09/30/99	0.00	5,082.17-			ASSET
	10/31/99	3,775.39	0.00			ASSET
	10/31/99	0.00	3,775.39-			ASSET
	11/30/99	3,478.80	0.00			ASSET
	11/30/99	0.00	3,478.80-			ASSET
	12/31/99	3,550.16	0.00			ASSET
	12/31/99	0.00	3,550.16-			ASSET
146	146 NOTES RECEIV FROM ASSO CO	0.00	0.00	0.00	0.00	0.00
151	151 PLANT MATERIAL & SUPPLIES	33,167.62	1,355.65	0.00	1,355.65	34,523.27
	TRX-DATE DR-AMOUNT CR-AMOUNT SOURCE REFERENCE					
	12/31/99 1,355.65 0.00					FYE DEC 99 ADJUSTING ENTRY
162	162 PREPAYMENTS	10,150.17	1,444.22	10,150.17-	8,705.95-	1,444.22
	TRX-DATE DR-AMOUNT CR-AMOUNT SOURCE REFERENCE					
	01/01/99 0.00 10,150.17-					FYE DEC 98 ADJUSTING ENTRY
	12/31/99 1,444.22 0.00					FYE DEC 99 ADJUSTING ENTRY
181	181 UNAMORTIZED DEBT DISCOUNT	2,550.00	0.00	250.00-	250.00-	2,300.00
	TRX-DATE DR-AMOUNT CR-AMOUNT SOURCE REFERENCE					
	12/31/99 0.00 250.00-					FYE DEC 99 ADJUSTING ENTRY
182	182 ISSUANCE COST 1995 BOND IS	45,549.94	0.00	2,098.58-	2,098.58-	43,451.36
	TRX-DATE DR-AMOUNT CR-AMOUNT SOURCE REFERENCE					
	12/31/99 0.00 2,098.58-					FYE DEC 99 ADJUSTING ENTRY
183	183 1995 BOND DISCOUNT	40,977.00	0.00	1,884.00-	1,884.00-	39,093.00
	TRX-DATE DR-AMOUNT CR-AMOUNT SOURCE REFERENCE					
	12/31/99 0.00 1,884.00-					FYE DEC 99 ADJUSTING ENTRY
215	215 UNAPPRO RETAINED EARNINGS	255,415.90	0.00	0.00	0.00	255,415.90
221-1	221-1 BONDS PAY. FHA 1987 ISS.	0.00	0.00	0.00	0.00	0.00
221-2	221-2 BONDS PAY FHA 66 ISSUE	350,000.00 CR	40,000.00	0.00	40,000.00	310,000.00 CR

ACCOUNT #	DESCRIPTION	BEGINNING BALANCE	TOTAL DEBITS	TOTAL CREDITS	NET CHANGE	ENDING BALANCE
	TRX-DATE DR-AMOUNT CR-AMOUNT SOURCE REFERENCE					
	12/31/99 40,000.00 0.00 LIABILITY					
221-3	221-3 BONDS PAY FHA 1978 ISSUE	1,467,000.00 CR	48,000.00	0.00	48,000.00	1,419,000.00 CR
	TRX-DATE DR-AMOUNT CR-AMOUNT SOURCE REFERENCE					
	12/31/99 48,000.00 0.00 LIABILITY					
221-4	221-4 BONDS PAYABLE CAPITAL B	0.00	0.00	0.00	0.00	0.00
221-5	221-5 NOTE PAYABLE KACD LEASE	119,000.00 CR	6,000.00	0.00	6,000.00	113,000.00 CR
	TRX-DATE DR-AMOUNT CR-AMOUNT SOURCE REFERENCE					
	01/31/99 6,000.00 0.00 LIABILITY					
221-6	221-6 BONDS PAYABLE 1995 ISSUE	2,210,000.00 CR	55,000.00	0.00	55,000.00	2,155,000.00 CR
	TRX-DATE DR-AMOUNT CR-AMOUNT SOURCE REFERENCE					
	12/31/99 55,000.00 0.00 LIABILITY					
231	231 ACCOUNTS PAYABLE	78,355.18 CR	78,355.18	71,852.45-	6,502.73	71,852.45 CR
	TRX-DATE DR-AMOUNT CR-AMOUNT SOURCE REFERENCE					
	01/01/99 78,355.18 0.00 FYE 1998 ADJUSTING ENTRY					
	12/31/99 0.00 71,852.45- FYE DEC 99 ADJUSTING ENTRY					
232	232 1995 BOND TRANS ACCOUNT P	0.00	0.00	0.00	0.00	0.00
235	235 CUSTOMER DEPOSITS	86,695.77 CR	15,043.88	21,160.00-	6,116.12-	92,811.89 CR
	TRX-DATE DR-AMOUNT CR-AMOUNT SOURCE REFERENCE					
	01/31/99 945.31 0.00 BILL PAID BY DEPOSIT					
	01/31/99 374.69 0.00 DEPOSIT REFUNDED					
	01/31/99 0.00 840.00- LIABILITY					
	02/28/99 599.20 0.00 DEPOSIT PAID WATER BILL					
	02/28/99 200.80 0.00 DEPOSIT REFUND					
	02/28/99 0.00 1,560.00- LIABILITY					
	03/31/99 745.37 0.00 LIABILITY					
	03/31/99 414.63 0.00 LIABILITY REFUND ON DEPOSIT					
	03/31/99 0.00 2,040.00- LIABILITY					
	04/30/99 540.37 0.00 WATER BILL PAID BY DEPOSIT					
	04/30/99 419.63 0.00 REFUND ON DEPOSIT					
	04/30/99 0.00 1,720.00- LIABILITY					
	05/31/99 813.43 0.00 DEPOSIT PAID WATER BILL					
	05/31/99 306.57 0.00 DEPOSIT REFUNDS					
	05/31/99 0.00 2,000.00- LIABILITY					
	06/30/99 764.97 0.00 WATERBILL PD BY DEPOSIT					
	06/30/99 275.03 0.00 REFUND OF DEPOSIT					
	06/30/99 0.00 2,240.00- LIABILITY					
	07/31/99 774.97 0.00 DEPOSIT PAID BILL					
	07/31/99 385.03 0.00 DEPOSIT REFUND					
	07/31/99 0.00 1,840.00- LIABILITY					
	08/31/99 963.26 0.00 LIABILITY PAID CUST BILL					
	08/31/99 476.74 0.00 LIABILITY REFUNDS TO CUST					
	08/31/99 0.00 2,080.00- LIABILITY					

ACCOUNT #	DESCRIPTION	BEGINNING BALANCE	TOTAL DEBITS	TOTAL CREDITS	NET CHANGE	ENDING BALANCE
	09/30/99	895.51	0.00	BILL PAID BY DEPOSIT		
	09/30/99	413.05	0.00	DEPOSIT REFUND		
	09/30/99	0.00	2,680.00-	LIABILITY		
	10/31/99	1,254.02	0.00	DEPOSIT PD CUSTOMER BILL		
	10/31/99	465.98	0.00	DEPOSIT REFUND		
	10/31/99	0.00	1,520.00-	LIABILITY		
	11/30/99	1,078.71	0.00	DEPOSIT PAID WATER BILL		
	11/30/99	561.29	0.00	REFUNDS ON DEPOSIT		
	11/30/99	0.00	1,480.00-	LIABILITY		
	12/31/99	913.77	0.00	LIABILITY		
	12/31/99	461.55	0.00	LIABILITY		
	12/31/99	0.00	1,160.00-	LIABILITY		
236-1	236-1 FICA & FED W/H ACCRUED	0.00	103,610.10	103,610.10-	0.00	0.00
	TRX-DATE DR-AMOUNT CR-AMOUNT SOURCE REFERENCE					
	01/31/99 0.00 9,767.54- PRO199					
	01/31/99 9,767.54 0.00			LIABILITY		
	02/28/99 0.00 8,327.59- PRO299					
	02/28/99 8,327.59 0.00			LIABILITY		
	03/31/99 0.00 7,450.37- PRO399					
	03/31/99 7,450.37 0.00			LIABILITY		
	04/30/99 0.00 10,401.53- PRO499					
	04/30/99 10,401.53 0.00			LIABILITY		
	05/31/99 0.00 8,165.56- PRO599					
	05/31/99 8,165.56 0.00			LIABILITY		
	06/30/99 0.00 7,662.60- PRO699					
	06/30/99 7,662.60 0.00			LIABILITY		
	07/31/99 0.00 10,047.61- PRO799					
	07/31/99 10,047.61 0.00			LIABILITY		
	08/31/99 0.00 7,532.08- PRO899					
	08/31/99 7,532.08 0.00			LIABILITY		
	09/30/99 0.00 7,892.46- PRO999					
	09/30/99 7,892.46 0.00			LIABILITY		
	10/30/99 0.00 9,273.90- PR1099					
	10/31/99 9,273.90 0.00			LIABILITY		
	11/30/99 0.00 7,877.81- PR1199					
	11/30/99 7,877.81 0.00			LIABILITY		
	12/31/99 0.00 9,211.05- PR1299					
	12/31/99 9,211.05 0.00			LIABILITY		
236-2	236-2 KENTUCKY WITHHOLDING	0.00	22,842.91	22,842.91-	0.00	0.00
	TRX-DATE DR-AMOUNT CR-AMOUNT SOURCE REFERENCE					
	01/31/99 0.00 2,151.30- PRO199					
	01/31/99 2,151.30 0.00			LIABILITY		
	02/28/99 0.00 1,834.72- PRO299					
	02/28/99 1,834.72 0.00			LIABILITY		
	03/31/99 0.00 1,640.31- PRO399					
	03/31/99 1,640.31 0.00			LIABILITY		
	04/30/99 0.00 2,273.01- PRO499					
	04/30/99 2,273.01 0.00			LIABILITY		
	05/31/99 0.00 1,761.70- PRO599					

ACCOUNT #	DESCRIPTION	BEGINNING BALANCE	TOTAL DEBITS	TOTAL CREDITS	NET CHANGE	ENDING BALANCE
	05/31/99	1,761.70	0.00			LIABILITY
	06/30/99	0.00	1,698.21-	PRO699		
	06/30/99	1,698.21	0.00			LIABILITY
	07/31/99	0.00	2,256.92-	PRO799		
	07/31/99	2,256.92	0.00			LIABILITY
	08/31/99	0.00	1,669.11-	PRO899		
	08/31/99	1,669.11	0.00			LIABILITY
	09/30/99	0.00	1,752.00-	PRO999		
	09/30/99	1,752.00	0.00			LIABILITY
	10/30/99	0.00	2,062.64-	PR1099		
	10/31/99	2,062.64	0.00			LIABILITY
	11/30/99	0.00	1,676.83-	PR1199		
	11/30/99	1,676.83	0.00			LIABILITY
	12/31/99	0.00	2,066.16-	PR1299		
	12/31/99	2,066.16	0.00			LIABILITY
236-3	236-3 UNEMPLOYMENT PAYABLE	0.00	0.00	0.00	0.00	0.00
236-4	236-4 RETIREMENT PAYABLE	0.00	25,060.67	25,060.67-	0.00	0.00
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	01/31/99	0.00	2,363.18-	PRO199		
	01/31/99	2,363.18	0.00			LIABILITY
	02/28/99	0.00	1,954.15-	PRO299		
	02/28/99	1,954.15	0.00			LIABILITY
	03/31/99	0.00	1,760.34-	PRO399		
	03/31/99	1,760.34	0.00			LIABILITY
	04/30/99	0.00	2,447.88-	PRO499		
	04/30/99	2,447.88	0.00			LIABILITY
	05/31/99	0.00	1,903.78-	PRO599		
	05/31/99	1,903.78	0.00			LIABILITY
	06/30/99	0.00	1,826.24-	PRO699		
	06/30/99	1,826.24	0.00			LIABILITY
	07/31/99	0.00	2,411.78-	PRO799		
	07/31/99	2,411.78	0.00			LIABILITY
	08/31/99	0.00	1,843.65-	PRO899		
	08/31/99	1,843.65	0.00			LIABILITY
	09/30/99	0.00	1,931.09-	PRO999		
	09/30/99	1,931.09	0.00			LIABILITY
	10/30/99	0.00	2,270.51-	PR1099		
	10/31/99	2,270.51	0.00			LIABILITY
	11/30/99	0.00	2,057.02-	PR1199		
	11/30/99	2,057.02	0.00			LIABILITY
	12/31/99	0.00	2,291.05-	PR1299		
	12/31/99	2,291.05	0.00			LIABILITY
236-5	236-5 SALES TAX PAYABLE	0.00	0.00	0.00	0.00	0.00
236-6	236-6 RETIREMENT INSTALLMENT	0.00	731.92	731.92-	0.00	0.00
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	01/31/99	0.00	91.49-	PRO199		
	01/31/99	91.49	0.00			LIABILITY

ACCOUNT #	DESCRIPTION	BEGINNING BALANCE	TOTAL DEBITS	TOTAL CREDITS	NET CHANGE	ENDING BALANCE
	02/28/99	0.00	91.49-	PRO299		
	02/28/99	91.49	0.00	LIABILITY		
	03/31/99	0.00	91.49-	PRO399		
	03/31/99	91.49	0.00	LIABILITY		
	04/30/99	0.00	91.49-	PRO499		
	04/30/99	91.49	0.00	LIABILITY		
	05/31/99	0.00	91.49-	PRO599		
	05/31/99	91.49	0.00	LIABILITY		
	06/30/99	0.00	91.49-	PRO699		
	06/30/99	91.49	0.00	LIABILITY		
	07/31/99	0.00	91.49-	PRO799		
	07/31/99	91.49	0.00	LIABILITY		
	08/31/99	0.00	91.49-	PRO899		
	08/31/99	91.49	0.00	LIABILITY		
236-7	236-7 CHRISTMAS DONATION FUND	106.00 CR	1,298.00	1,330.75-	32.75-	138.75 CR
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE REFERENCE		
	01/31/99	0.00	126.75-	PRO199		
	02/28/99	0.00	98.50-	PRO299		
	03/31/99	0.00	93.75-	PRO399		
	04/30/99	0.00	119.00-	PRO499		
	05/31/99	0.00	104.00-	PRO599		
	06/30/99	0.00	101.50-	PRO699		
	07/31/99	0.00	132.00-	PRO799		
	08/31/99	0.00	98.75-	PRO899		
	09/30/99	0.00	99.50-	PRO999		
	10/30/99	0.00	117.25-	PR1099		
	11/30/99	0.00	101.00-	PR1199		
	11/30/99	1,298.00	0.00	LIABILITY		
	12/31/99	0.00	138.75-	PR1299		
236-8	236-8 DEFCOMP	0.00	4,565.00	4,585.00-	20.00-	20.00 CR
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE REFERENCE		
	08/31/99	0.00	830.00-	PRO899		
	08/31/99	830.00	0.00	LIABILITY		
	09/30/99	0.00	850.00-	PRO999		
	09/30/99	830.00	0.00	LIABILITY		
	10/30/99	0.00	1,017.50-	PR1099		
	10/31/99	1,037.50	0.00	LIABILITY		
	11/30/99	0.00	890.00-	PR1199		
	11/30/99	830.00	0.00	LIABILITY		
	12/31/99	0.00	997.50-	PR1299		
	12/31/99	830.00	0.00	LIABILITY		
	12/31/99	207.50	0.00	LIABILITY		
241	241 AFLAC	0.00	1,266.00	1,266.00-	0.00	0.00
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE REFERENCE		
	01/31/99	0.00	105.50-	PRO199		
	01/31/99	105.50	0.00	LIABILITY		
	02/28/99	0.00	105.50-	PRO299		
	02/28/99	105.50	0.00	LIABILITY		

ACCOUNT #	DESCRIPTION	BEGINNING BALANCE	TOTAL DEBITS	TOTAL CREDITS	NET CHANGE	ENDING BALANCE
	03/31/99	0.00	105.50-	PRO399		
	04/30/99	0.00	105.50-	PRO499		
	04/30/99	105.50	0.00	LIABILITY		
	04/30/99	105.50	0.00	ERRDR IN MARCH		
	05/31/99	0.00	105.50-	PRO599		
	05/31/99	105.50	0.00	LIABILITY		
	06/30/99	0.00	105.50-	PRO699		
	06/30/99	105.50	0.00	LIABILITY		
	07/31/99	0.00	105.50-	PRO799		
	07/31/99	105.50	0.00	LIABILITY		
	08/31/99	0.00	105.50-	PRO899		
	08/31/99	105.50	0.00	LIABILITY		
	09/30/99	0.00	105.50-	PRO999		
	09/30/99	105.50	0.00	LIABILITY		
	10/30/99	0.00	105.50-	PR1099		
	10/31/99	105.50	0.00	LIABILITY		
	11/30/99	0.00	105.50-	PR1199		
	11/30/99	105.50	0.00	LIABILITY		
	12/31/99	0.00	105.50-	PR1299		
	12/31/99	105.50	0.00	LIABILITY		
241-1	241-1 WAGE ASSIGNMENT	0.00	6,068.47	6,068.47-	0.00	0.00
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE REFERENCE		
	01/31/99	0.00	1,166.10-	PRO199		
	01/31/99	1,166.10	0.00	LIABILITY		
	02/28/99	0.00	574.79-	PRO299		
	02/28/99	574.79	0.00	LIABILITY		
	03/31/99	0.00	588.32-	PRO399		
	03/31/99	105.50	0.00	LIABILITY		
	03/31/99	588.32	0.00	LIABILITY		
	04/30/99	0.00	623.37-	PRO499		
	04/30/99	623.37	0.00	LIABILITY		
	04/30/99	0.00	105.50-	ERROR IN MARCH		
	05/31/99	0.00	636.02-	PRO599		
	05/31/99	636.02	0.00	LIABILITY		
	06/30/99	0.00	460.20-	PRO699		
	06/30/99	391.95	0.00	LIABILITY		
	07/31/99	0.00	431.04-	PRO799		
	07/31/99	499.29	0.00	LIABILITY		
	08/31/99	0.00	391.13-	PRO899		
	08/31/99	391.13	0.00	LIABILITY		
	09/30/99	0.00	273.00-	PRO999		
	09/30/99	273.00	0.00	LIABILITY		
	10/30/99	0.00	273.00-	PR1099		
	10/31/99	273.00	0.00	LIABILITY		
	11/30/99	0.00	273.00-	PR1199		
	11/30/99	273.00	0.00	LIABILITY		
	12/31/99	0.00	273.00-	PR1299		
	12/31/99	136.50	0.00	LIABILITY		
	12/31/99	136.50	0.00	LIABILITY		

ACCOUNT #	DESCRIPTION	BEGINNING BALANCE	TOTAL DEBITS	TOTAL CREDITS	NET CHANGE	ENDING BALANCE
271-1	271-1 TAP ON FEES	1,904,380.84 CR	350.00	61,413.00-	61,063.00-	1,965,443.84 CR
	TRX-DATE DR-AMOUNT CR-AMOUNT SOURCE REFERENCE					
	01/31/99 0.00 2,212.00- EQUITY					
	02/28/99 0.00 3,500.00- EQUITY					
	03/31/99 0.00 3,835.00- EQUITY					
	03/31/99 350.00 0.00 EQUITY					
	04/30/99 0.00 4,900.00- EQUITY					
	05/31/99 0.00 7,000.00- EQUITY					
	06/30/99 0.00 6,886.00- EQUITY					
	07/31/99 0.00 4,898.00- EQUITY					
	08/31/99 0.00 6,681.00- EQUITY					
	09/30/99 0.00 8,750.00- EQUITY					
	10/31/99 0.00 7,350.00- EQUITY					
	11/30/99 0.00 3,301.00- EQUITY					
	12/31/99 0.00 2,100.00- EQUITY					
271-2	271-2 FED,LOCAL,STATE GRANTS	1,327,141.64 CR	0.00	0.00	0.00	1,327,141.64 CR
271-3	271-3 CONTRIBUTIONS OTHER	73,543.63 CR	0.00	14,144.92-	14,144.92-	87,688.55 CR
	TRX-DATE DR-AMOUNT CR-AMOUNT SOURCE REFERENCE					
	12/31/99 0.00 14,144.92- FYE DEC 99 ADJUSTING ENTRY					
303	303 LAND AND LAND RIGHTS	27,152.00	0.00	0.00	0.00	27,152.00
304	304 STRUCTURES & IMPROVEMENTS	314,138.10	51,138.44	50,196.66-	941.78	315,079.88
	TRX-DATE DR-AMOUNT CR-AMOUNT SOURCE REFERENCE					
	02/28/99 5,665.00 0.00 OFFICE REMODELING					
	03/31/99 8,826.35 0.00 OFFICE REMODELING					
	04/30/99 19,749.62 0.00 OFFICE REMODELING					
	04/30/99 59.95 0.00 OFFICE REMODELING					
	05/31/99 0.00 1,664.96- REFUND ON FRONT PORCH SIDING					
	05/31/99 7,638.26 0.00 T WOODRUFF 15% OFFICE REMODEL					
	05/31/99 222.48 0.00 OFFICE REMODELING					
	05/31/99 7,915.00 0.00 DRIVE-THRU WINDOW					
	06/30/99 120.00 0.00 OFFICE REMODELING					
	10/31/99 481.80 0.00 TWIN TUNNEL B PUMP BUILDING					
	11/30/99 347.05 0.00 PUMP BUILDING AT TWIN TUNNEL					
	12/31/99 112.93 0.00 FYE DEC 99 ADJUSTING ENTRY					
	12/31/99 0.00 48,531.70- FYE DEC 99 ADJUSTING ENTRY					
304-1	304-1 OFFICE BUILDING/GARAGE	288,193.43	48,531.70	0.00	48,531.70	336,725.13
	TRX-DATE DR-AMOUNT CR-AMOUNT SOURCE REFERENCE					
	12/31/99 48,531.70 0.00 FYE DEC 99 ADJUSTING ENTRY					
311	311 PUMPING EQUIPMENT	225,184.70	5,422.01	0.00	5,422.01	230,606.71
	TRX-DATE DR-AMOUNT CR-AMOUNT SOURCE REFERENCE					
	04/30/99 3,201.85 0.00 IN LINE PUMP AT TWIN TUNNELL					
	06/30/99 1,912.54 0.00 PUMP					
	10/31/99 197.37 0.00 IN LINE BOOSTER PUMP INSTALLAT					
	11/30/99 25.25 0.00 IN LINE PUMP AT TWIN TUNNEL					
	12/31/99 85.00 0.00 FYE DEC 99 ADJUSTING ENTRY					

ACCOUNT #	DESCRIPTION	BEGINNING BALANCE	TOTAL DEBITS	TOTAL CREDITS	NET CHANGE	ENDING BALANCE
330	330 DISTRIBUTION. RESERV. & STANDP	487,036.59	0.00	0.00	0.00	487,036.59
331	331 TRANSMIS. & DISTRI. MAINS	6,679,307.62	5,235.82	0.00	5,235.82	6,684,543.44
	TRX-DATE DR-AMOUNT CR-AMOUNT SOURCE REFERENCE					
	12/31/99 5,235.82 0.00 FYE DEC 99 ADJUSTING ENTRY					
333	333 SERVICES	123,835.00	0.00	0.00	0.00	123,835.00
334	334 METERS	247,368.82	12,281.27	0.00	12,281.27	259,650.09
	TRX-DATE DR-AMOUNT CR-AMOUNT SOURCE REFERENCE					
	12/31/99 12,281.27 0.00 FYE DEC 99 ADJUSTING ENTRY					
334-1	334-1 METER INSTALLATIONS	686,445.79	16,263.26	0.00	16,263.26	702,709.05
	TRX-DATE DR-AMOUNT CR-AMOUNT SOURCE REFERENCE					
	12/31/99 16,263.26 0.00 FYE DEC 99 ADJUSTING ENTRY					
335	335 HYDRANTS	39,892.66	0.00	0.00	0.00	39,892.66
335-1	335-1 FIRE MAINS	10,000.00	0.00	0.00	0.00	10,000.00
340	340 OFFICE FURNITURE & EQPMT	138,407.93	20,162.52	5,004.87-	15,157.65	153,565.58
	TRX-DATE DR-AMOUNT CR-AMOUNT SOURCE REFERENCE					
	01/01/99 0.00 4,705.00- FYE DEC 98 ADJUSTING ENTRY					
	02/28/99 925.00 0.00 SPEAKER FOR DRIVE THRU WINDOW					
	03/31/99 3,780.00 0.00 COMPUTER EQUIPMENT					
	04/30/99 14,079.90 0.00 CABINETS & DESKS FOR OFFICES					
	06/30/99 560.00 0.00 COMPUTER SOFTWARE/WORD PROCESS					
	07/31/99 155.97 0.00 PRINTER FOR WORD PROCESSOR					
	07/31/99 291.82 0.00 BLIND FOR TOMMY'S OFFICE					
	09/30/99 299.87 0.00 SAFE FOR OFFICE					
	10/31/99 0.00 299.87- SAFE RETURNED					
	12/31/99 69.96 0.00 FYE DEC 99 ADJUSTING ENTRY					
341	341 TRANSPORTATION EQUIPMENT	181,963.74	89,466.60	10,070.60-	79,396.00	261,359.74
	TRX-DATE DR-AMOUNT CR-AMOUNT SOURCE REFERENCE					
	01/31/99 63.60 0.00 ASSET					
	02/28/99 0.00 63.60- ERROR IN JANUARY 99					
	02/28/99 58,400.00 0.00 1999 DUMP TRUCK					
	02/28/99 13,193.00 0.00 1999 FORD RANGER					
	02/28/99 17,700.00 0.00 1999 FORD F150 4.4 TRUCK					
	03/31/99 110.00 0.00 HOOK FOR BIG DUMP TRUCK					
	12/31/99 0.00 10,007.00- FYE DEC 99 ADJUSTING ENTRY					
345	345 POWER OPERATED EQUIPMENT	144,901.23	0.00	0.00	0.00	144,901.23
346	346 COMMUNICATION EQUIPMENT	73,619.50	2,151.54	0.00	2,151.54	75,771.04
	TRX-DATE DR-AMOUNT CR-AMOUNT SOURCE REFERENCE					
	03/31/99 69.95 0.00 CELL PHONE					
	05/31/99 918.00 0.00 US FILTER RADIO MODEN					
	08/31/99 60.00 0.00 FEE FOR INTERNET/SOFTWARE					
	12/31/99 866.79 0.00 CELL PHONES					

ACCOUNT #	DESCRIPTION	BEGINNING BALANCE	TOTAL DEBITS	TOTAL CREDITS	NET CHANGE	ENDING BALANCE
	12/31/99	236.80	0.00	FYE DEC 99 ADJUSTING ENTRY		
347	347 MISCELLANEOUS EQUIPMENT	74,340.45	8,905.17	0.00	8,905.17	83,245.62
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	02/28/99	1,312.00	0.00		TOOLS	
	02/28/99	635.07	0.00		SHDP TOOLS	
	08/31/99	3,650.00	0.00		HANDHELD DEVICES/COMPUTER RES	
	10/31/99	1,822.77	0.00		TOOLS	
	10/31/99	440.00	0.00		LOCKS FOR BUILDING & SHDP	
	10/31/99	98.99	0.00		DRILL	
	10/31/99	198.00	0.00		TOOL BOX FOR TRUCK	
	11/30/99	323.34	0.00		TOOLS	
	12/31/99	425.00	0.00		FYE DEC 99 ADJUSTING ENTRY	
403	403 DEPRECIATION EXPENSE	0.00	286,932.00	0.00	286,932.00	286,932.00
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	01/31/99	20,000.00	0.00		EXPENSE	
	02/28/99	20,000.00	0.00		EXPENSE	
	03/31/99	20,000.00	0.00		EXPENSE	
	04/30/99	20,000.00	0.00		EXPENSE	
	05/31/99	20,000.00	0.00		EXPENSE	
	06/30/99	20,000.00	0.00		EXPENSE	
	07/31/99	20,000.00	0.00		EXPENSE	
	08/31/99	20,000.00	0.00		EXPENSE	
	09/30/99	20,000.00	0.00		EXPENSE	
	10/31/99	20,000.00	0.00		EXPENSE	
	11/30/99	20,000.00	0.00		EXPENSE	
	12/31/99	20,000.00	0.00		EXPENSE	
	12/31/99	46,932.00	0.00		FYE DEC 99 ADJUSTING ENTRY	
406	406 AMORT UTIL PLT ACQU ADJMT	0.00	4,232.58	0.00	4,232.58	4,232.58
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	12/31/99	4,232.58	0.00		FYE DEC 99 ADJUSTING ENTRY	
408-10	408-10 PSC ASSESSMENT TAX	0.00	3,052.96	0.00	3,052.96	3,052.96
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	07/31/99	3,052.96	0.00		EXPENSE	
408-13	408-13 SALES TAX EXPENSE	0.00	9,713.06	0.00	9,713.06	9,713.06
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	01/31/99	720.55	0.00		EXPENSE	
	02/28/99	769.37	0.00		EXPENSE	
	03/31/99	566.15	0.00		EXPENSE	
	04/30/99	679.93	0.00		EXPENSE	
	05/31/99	817.70	0.00		EXPENSE	
	06/30/99	727.93	0.00		EXPENSE	
	07/31/99	765.86	0.00		EXPENSE	
	08/31/99	894.67	0.00		EXPENSE	
	09/30/99	1,030.91	0.00		EXPENSE	
	10/31/99	1,084.70	0.00		EXPENSE	
	11/30/99	908.51	0.00		EXPENSE	

ACCOUNT #	DESCRIPTION	BEGINNING BALANCE	TOTAL DEBITS	TOTAL CREDITS	NET CHANGE	ENDING BALANCE
	12/31/99	746.78	0.00	EXPENSE		
419-1	419-1 INTEREST INCOME GEN ACCT	0.00	0.00	1,270.56-	1,270.56-	1,270.56 CR
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	01/31/99	0.00	102.46-		INCOME	
	02/28/99	0.00	190.96-		INCOME	
	03/31/99	0.00	115.15-		INCOME	
	04/30/99	0.00	100.88-		INCOME	
	05/31/99	0.00	78.16-		INCOME	
	06/30/99	0.00	83.60-		INCOME	
	07/31/99	0.00	63.46-		INCOME	
	08/31/99	0.00	89.13-		INCOME	
	09/30/99	0.00	99.57-		INCOME	
	10/31/99	0.00	125.72-		INCOME	
	11/30/99	0.00	132.81-		INCOME	
	12/31/99	0.00	88.66-		INCOME	
419-2	419-2 INTEREST INCOME CONSTRUC	0.00	0.00	19.17-	19.17-	19.17 CR
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	01/31/99	0.00	6.75-		INCOME	
	02/28/99	0.00	6.10-		INCOME	
	03/31/99	0.00	6.32-		INCOME	
419-3	419-3 INTEREST INCOME DEPRECIA	0.00	0.00	596.62-	596.62-	596.62 CR
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	01/31/99	0.00	70.81-		INTEREST	
	02/28/99	0.00	64.75-		INCOME	
	03/31/99	0.00	67.36-		INCOME	
	04/30/99	0.00	56.87-		INCOME	
	05/31/99	0.00	26.11-		INCOME	
	06/30/99	0.00	47.58-		INCOME	
	07/31/99	0.00	34.27-		INCOME	
	08/31/99	0.00	38.45-		INCOME	
	09/30/99	0.00	41.35-		INCOME	
	10/31/99	0.00	46.06-		INCOME	
	11/30/99	0.00	47.82-		INCOME	
	12/31/99	0.00	55.19-		INCOME	
419-4	419-4 INTEREST INCOME MCW BOND	0.00	0.00	4,838.13-	4,838.13-	4,838.13 CR
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	01/31/99	0.00	97.80-		INCOME	
	02/28/99	0.00	160.21-		INCOME	
	03/31/99	0.00	256.88-		INCOME	
	04/30/99	0.00	310.12-		INCOME	
	05/31/99	0.00	413.23-		INCOME	
	06/30/99	0.00	457.13-		INCOME	
	07/31/99	0.00	330.74-		INCOME	
	08/31/99	0.00	392.43-		INCOME	
	09/30/99	0.00	464.63-		INCOME	
	10/31/99	0.00	569.68-		INCOME	
	11/30/99	0.00	636.44-		INCOME	

ACCOUNT #	DESCRIPTION	BEGINNING BALANCE	TOTAL DEBITS	TOTAL CREDITS	NET CHANGE	ENDING BALANCE
	12/31/99	0.00	748.84-	INCOME		
419-6	419-6 INTEREST INCOME DEPOSIT	0.00	0.00	1,123.58-	1,123.58-	1,123.58 CR
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	01/31/99	0.00	89.19-		INCOME	
	02/28/99	0.00	80.95-		INCOME	
	03/31/99	0.00	90.76-		INCOME	
	04/30/99	0.00	88.98-		INCOME	
	05/31/99	0.00	92.95-		INCOME	
	06/30/99	0.00	91.39-		INCOME	
	07/31/99	0.00	95.82-		INCOME	
	08/31/99	0.00	96.62-		INCOME	
	09/30/99	0.00	95.08-		INCOME	
	10/31/99	0.00	101.26-		INCOME	
	11/30/99	0.00	98.60-		INCOME	
	12/31/99	0.00	101.98-		INCOME	
419-7	419-7 INTEREST INCOME CD'S	0.00	0.00	7,436.64-	7,436.64-	7,436.64 CR
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	01/31/99	0.00	1,157.11-		INCOME	
	02/28/99	0.00	895.87-		INCOME	
	03/31/99	0.00	839.58-		INCOME	
	04/30/99	0.00	552.17-		INCOME	
	05/31/99	0.00	530.14-		INCOME	
	06/30/99	0.00	549.74-		INCOME	
	07/31/99	0.00	516.16-		INCOME	
	08/31/99	0.00	448.77-		ASSET	
	09/30/99	0.00	450.44-		INCOME	
	10/31/99	0.00	472.01-		INCOME	
	11/30/99	0.00	473.84-		INCOME	
	12/31/99	0.00	550.81-		INCOME	
420-1	420-1 ACCRUED INT INC 1995 BDN	0.00	0.00	12,005.99-	12,005.99-	12,005.99 CR
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	01/31/99	0.00	6,052.33-		INCOME	
	06/30/99	0.00	5,953.66-		INCOME	
427-1	427-1 INTEREST EXP. KACO LOAN	0.00	6,486.61	214.30-	6,272.31	6,272.31
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	01/31/99	548.02	0.00		EXPENSE	
	02/28/99	520.39	0.00		EXPENSE	
	03/31/99	520.39	0.00		EXPENSE	
	04/30/99	734.69	0.00		EXPENSE	
	04/30/99	0.00	214.30-		ERROR ON APRIL 99	
	05/31/99	520.39	0.00		EXPENSE	
	06/30/99	520.39	0.00		EXPENSE	
	07/31/99	520.39	0.00		EXPENSE	
	08/31/99	520.39	0.00		EXPENSE	
	09/30/99	520.39	0.00		EXPENSE	
	10/31/99	520.39	0.00		EXPENSE	
	11/30/99	520.39	0.00		EXPENSE	

ACCOUNT #	DESCRIPTION	BEGINNING BALANCE	TOTAL DEBITS	TOTAL CREDITS	NET CHANGE	ENDING BALANCE
	12/31/99 520.39	0.00	EXPENSE			
427-2	427-2 INTEREST EXP FHA BOND	0.00	86,475.00	0.00	86,475.00	86,475.00
	TRX-DATE DR-AMOUNT CR-AMOUNT SOURCE REFERENCE					
	06/30/99 43,237.50 0.00 EXPENSE					
	12/31/99 43,237.50 0.00 EXPENSE					
427-4	427-4 INTEREST EXPENSE DEPOSIT	0.00	1,099.98	0.00	1,099.98	1,099.98
	TRX-DATE DR-AMOUNT CR-AMOUNT SOURCE REFERENCE					
	01/31/99 10.96 0.00 INTEREST					
	02/28/99 8.16 0.00 EXPENSE					
	03/31/99 9.62 0.00 EXPENSE					
	04/30/99 8.54 0.00 EXPENSE					
	05/31/99 11.13 0.00 INTEREST REFUND ON DEPOSIT					
	06/30/99 10.57 0.00 INTEREST EXPENSE					
	07/31/99 8.59 0.00 EXPENSE					
	08/31/99 13.27 0.00 EXPENSE					
	09/30/99 10.87 0.00 EXPENSE					
	10/31/99 13.13 0.00 EXPENSE					
	11/30/99 12.35 0.00 EXPENSE					
	12/31/99 982.79 0.00 EXPENSE					
427-5	427-5 INTEREST EXPENSE 1995 BD	0.00	122,675.00	0.00	122,675.00	122,675.00
	TRX-DATE DR-AMOUNT CR-AMOUNT SOURCE REFERENCE					
	06/30/99 61,337.50 0.00 EXPENSE					
	12/31/99 61,337.50 0.00 EXPENSE					
461	461 METERED WATER REVENUE	0.00	0.00	1,763,140.83-	1,763,140.83-	1,763,140.83 CR
	TRX-DATE DR-AMOUNT CR-AMOUNT SOURCE REFERENCE					
	01/31/99 0.00 139,338.97- INCOME					
	02/28/99 0.00 158,217.93- INCOME					
	03/31/99 0.00 111,172.37- INCOME					
	04/30/99 0.00 126,392.98- INCOME					
	05/31/99 0.00 157,074.92- INCOME					
	06/30/99 0.00 132,646.69- INCOME					
	07/31/99 0.00 149,162.19- INCOME					
	08/31/99 0.00 160,911.45- INCOME					
	09/30/99 0.00 165,429.88- INCOME					
	10/31/99 0.00 178,488.87- INCOME					
	11/30/99 0.00 154,320.04- INCOME					
	12/31/99 0.00 129,984.54- INCOME					
466	466 SALES FOR RESALE D'BORD	0.00	5,051.40	54,952.80-	49,901.40-	49,901.40 CR
	TRX-DATE DR-AMOUNT CR-AMOUNT SOURCE REFERENCE					
	01/01/99 5,051.40 0.00 FYE DEC 98 ADJUSTING ENTRY					
	01/31/99 0.00 5,051.40- INCOME					
	02/28/99 0.00 4,389.53- INCOME					
	03/31/99 0.00 3,550.38- INCOME					
	04/30/99 0.00 4,106.32- INCOME					
	05/31/99 0.00 3,913.66- INCOME					
	06/30/99 0.00 3,853.44- INCOME					

ACCOUNT #	DESCRIPTION	BEGINNING BALANCE	TOTAL DEBITS	TOTAL CREDITS	NET CHANGE	ENDING BALANCE
	07/31/99	0.00	4,359.21-			INCOME
	08/31/99	0.00	4,357.64-			INCOME
	09/30/99	0.00	4,752.80-			INCOME
	10/31/99	0.00	4,405.59-			INCOME
	11/30/99	0.00	3,817.10-			INCOME
	12/31/99	0.00	4,292.53-			INCOME
	12/31/99	0.00	4,103.20-			FYE DEC 99 ADJUSTING ENTRY
467	467-SALES FOR RESALE TVA	0.00	0.00	56,523.81-	56,523.81-	56,523.81 CR
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	01/31/99	0.00	7,075.79-		INCOME	
	02/28/99	0.00	6,036.61-		INCOME	
	03/31/99	0.00	5,525.94-		INCOME	
	04/30/99	0.00	4,533.59-		INCOME	
	05/31/99	0.00	4,259.30-		INCOME	
	06/30/99	0.00	4,009.54-		INCOME	
	07/31/99	0.00	4,754.36-		INCOME	
	08/31/99	0.00	4,442.16-		INCOME	
	09/30/99	0.00	5,082.17-		INCOME	
	10/31/99	0.00	3,775.39-		INCOME	
	11/30/99	0.00	3,478.80-		INCOME	
	12/31/99	0.00	3,550.16-		INCOME	
471-1	471-1 RECONNECTS	0.00	30.00	9,000.00-	8,970.00-	8,970.00 CR
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	01/31/99	0.00	375.00-		INCOME	
	02/28/99	0.00	675.00-		INCOME	
	03/31/99	0.00	915.00-		INCOME	
	04/30/99	0.00	750.00-		INCOME	
	05/31/99	0.00	840.00-		INCOME	
	05/31/99	15.00	0.00		REFUND DID NOT MOVE IN	
	06/30/99	0.00	975.00-		INCOME	
	07/31/99	0.00	765.00-		INCOME	
	08/31/99	0.00	900.00-		INCOME	
	09/30/99	0.00	990.00-		INCOME	
	10/31/99	0.00	600.00-		INCOME	
	10/31/99	15.00	0.00		DIDNOT MOVE IN/PD OLD FINAL	
	11/30/99	0.00	645.00-		INCOME	
	12/31/99	0.00	570.00-		INCOME	
471-2	471-2 DISCONNECTS	0.00	0.00	5,412.00-	5,412.00-	5,412.00 CR
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	01/31/99	0.00	748.00-		INCOME	
	02/28/99	0.00	242.00-		INCOME	
	03/31/99	0.00	616.00-		INCOME	
	04/30/99	0.00	374.00-		INCOME	
	05/31/99	0.00	330.00-		INCOME	
	06/30/99	0.00	374.00-		INCOME	
	07/31/99	0.00	528.00-		INCOME	
	08/31/99	0.00	462.00-		INCOME	
	09/30/99	0.00	198.00-		INCOME	

ACCOUNT #	DESCRIPTION	BEGINNING BALANCE	TOTAL DEBITS	TOTAL CREDITS	NET CHANGE	ENDING BALANCE
	10/31/99	0.00	770.00-	INCOME		
	11/30/99	0.00	242.00-	INCOME		
	12/31/99	0.00	528.00-	INCOME		
471-3	471-3 PENALTIES	0.00	0.00	40,846.14-	40,846.14-	40,846.14 CR
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	01/31/99	0.00	3,837.15-		INCOME	
	02/28/99	0.00	3,506.63-		INCOME	
	03/31/99	0.00	2,122.57-		INCOME	
	04/30/99	0.00	3,383.57-		INCOME	
	05/31/99	0.00	3,265.21-		INCOME	
	06/30/99	0.00	2,574.77-		INCOME	
	07/31/99	0.00	3,807.79-		INCOME	
	08/31/99	0.00	3,720.76-		INCOME	
	09/30/99	0.00	3,601.63-		INCOME	
	10/31/99	0.00	4,601.54-		INCOME	
	11/30/99	0.00	3,489.75-		INCOME	
	12/31/99	0.00	2,934.77-		INCOME	
471-4	471-4 MATER.,PIPE, PARTS SOLD	0.00	16,135.23	14,841.68-	1,293.55	1,293.55
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	02/28/99	0.00	66.93-		PARTS SOLD	
	02/28/99	0.00	3,020.58-		WILLIAM HILL LINE EXTENSION	
	03/31/99	0.00	80.97-		PARTS SOLD	
	04/30/99	0.00	4,730.14-		EUGENE SHANKS LINE EXTENSION	
	04/30/99	0.00	232.00-		FREDDIE MAHAN LINE EXTENSION	
	04/30/99	62.00	0.00		REFUND ON LINE EX JEFF BOGGESS	
	06/30/99	0.00	27.40-		PARTS SOLD	
	06/30/99	0.00	2,855.88-		STINSON LINE EXTENSION	
	07/31/99	0.00	16.85-		PARTS SOLD	
	08/31/99	0.00	260.62-		PARTS SOLD	
	09/30/99	0.00	134.83-		PARTS SOLD	
	09/30/99	0.00	214.67-		MENARY LINE EXTENSION	
	09/30/99	0.00	390.92-		ALFRED CORNETTE LINE EXTENSION	
	09/30/99	1,928.31	0.00		REFUND ON NEBO#4 & MENARY LINE	
	11/30/99	0.00	2,700.73-		DEER PARK TIE ENDS	
	11/30/99	0.00	70.65-		PARTS SOLD	
	12/31/99	0.00	38.51-		PARTS SOLD	
	12/31/99	14,144.92	0.00		FYE DEC 99 ADJUSTING ENTRY	
471-5	471-5 MISCELLANEOUS REVENUE	0.00	0.00	11,673.38-	11,673.38-	11,673.38 CR
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	01/31/99	0.00	92.55-		WATER USED FOR BLACKTOP	
	02/28/99	0.00	256.61-		OLD FINAL BILLS	
	03/31/99	0.00	500.00-		INS.DED ON JAMES TRUCK REFUND	
	03/31/99	0.00	1,017.60-		INS CK REFUND CAR RENTAL JAMES	
	03/31/99	0.00	37.50-		JURY DUTY RONDA HEARLD	
	03/31/99	0.00	56.72-		OLD FINAL BILL	
	04/30/99	0.00	201.52-		OLD FINAL BILLS	
	05/31/99	0.00	25.00-		R HEARLD JURY DUTY CHECKS	
	06/30/99	0.00	51.99-		OLD FINAL BILLS	

ACCOUNT #	DESCRIPTION	BEGINNING BALANCE	TOTAL DEBITS	TOTAL CREDITS	NET CHANGE	ENDING BALANCE	
	07/31/99	0.00	77.75-			WATER SOLD	
	08/31/99	0.00	72.01-			OLD FINAL BILLS PAID	
	08/31/99	0.00	374.07-			WOODBIDGE CONST PAID LEAK BIL	
	08/31/99	0.00	65.00-			JUNK METAL SOLD	
	08/31/99	0.00	232.71-			SCRAP METAL FROM BIDS SOLD	
	08/31/99	0.00	2,551.00-			69 DUMP TRUCK SOLD	
	08/31/99	0.00	50.00-			MOVE METER	
	09/30/99	0.00	293.83-			OLD FINAL BILL	
	09/30/99	0.00	50.00-			MOVE METER	
	09/30/99	0.00	842.43-			WALMART VAULT/LEAKS/SPRINKLER	
	09/30/99	0.00	27.52-			LOCK AND SETTER DAMAGES	
	09/30/99	0.00	1,014.60-			MOVED LINE FOR RUDY CUNDIFF	
	10/31/99	0.00	241.71-			OLD FINALS	
	10/31/99	0.00	67.60-			PARTS DAMAGED	
	10/31/99	0.00	96.98-			MOVED BLOW OFF FOR H WESTER	
	11/30/99	0.00	419.65-			OLD FINAL BILLS	
	11/30/99	0.00	15.60-			LOCK DAMAGE	
	11/30/99	0.00	2,520.00-			TVA PD FOR LEAK WATER LOSS	
	11/30/99	0.00	215.42-			WALMART SPRINKLER WATER LOSS	
	12/31/99	0.00	48.94-			WATER USED FOR BLACKTOPPING	
	12/31/99	0.00	50.00-			MOVE SERVICE	
	12/31/99	0.00	15.60-			LOCK BROKEN REIMBURSDED	
	12/31/99	0.00	91.47-			OLD FINAL PAID	
471-6	471-6 CASH/OVER		0.00	388.06	489.74-	101.68-	101.68 CR
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE		
	01/31/99	0.00	48.69-		INCOME		
	01/31/99	45.84	0.00		INCOME		
	02/28/99	0.00	67.01-		INCOME		
	02/28/99	13.35	0.00		INCOME		
	03/31/99	0.00	12.55-		INCOME		
	03/31/99	1.14	0.00		INCOME		
	04/30/99	0.00	24.11-		INCOME		
	04/30/99	20.33	0.00		INCOME		
	05/31/99	0.00	63.20-		INCOME		
	05/31/99	15.42	0.00		INCOME		
	06/30/99	0.48	0.00		INCOME		
	06/30/99	0.00	24.78-		INCOME		
	07/31/99	0.00	27.05-		CASH OVER		
	07/31/99	29.99	0.00		CASH SHORT		
	08/31/99	0.00	27.84-		CASH OVER		
	08/31/99	19.67	0.00		CASH SHORT		
	09/30/99	0.00	109.47-		OVER		
	09/30/99	216.59	0.00		SHORT		
	10/31/99	0.00	12.66-		CASH OVER		
	10/31/99	0.72	0.00		CASH SHORT		
	11/30/99	0.00	6.83-		INCOME OVER		
	12/31/99	0.00	65.55-		CASH OVER		
	12/31/99	24.53	0.00		CASH SHORT		
471-7	471-7 RETURNED CHECK CHARGES		0.00	0.00	510.00-	510.00-	510.00 CR

ACCOUNT #	DESCRIPTION	BEGINNING BALANCE	TOTAL DEBITS	TOTAL CREDITS	NET CHANGE	ENDING BALANCE
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	01/31/99	0.00	20.00-		INCOME	
	02/28/99	0.00	40.00-		INCOME	
	03/31/99	0.00	20.00-		INCOME	
	04/30/99	0.00	60.00-		INCOME	
	05/31/99	0.00	30.00-		INCOME	
	06/30/99	0.00	40.00-		INCOME	
	07/31/99	0.00	90.00-		INCOME	
	08/31/99	0.00	40.00-		INCOME	
	09/30/99	0.00	60.00-		INCOME	
	10/31/99	0.00	60.00-		INCOME	
	11/30/99	0.00	30.00-		INCOME	
	12/31/99	0.00	20.00-		INCOME	
600-7	600-7 OFFICE SALARIES		0.00	60,424.19		0.00 60,424.19 60,424.19
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	01/31/99	5,702.87	0.00	PR0199		
	02/28/99	4,143.38	0.00	PR0299		
	03/31/99	4,897.02	0.00	PR0399		
	04/30/99	5,806.19	0.00	PR0499		
	05/31/99	4,241.26	0.00	PR0599		
	06/30/99	5,297.22	0.00	PR0699		
	07/31/99	5,867.07	0.00	PR0799		
	08/31/99	4,095.53	0.00	PR0899		
	09/30/99	4,207.55	0.00	PR0999		
	10/30/99	5,483.18	0.00	PR1099		
	11/30/99	5,279.12	0.00	PR1199		
	12/31/99	5,380.96	0.00		PR1299	
	12/31/99	22.84	0.00		PR1299	
601-1	601-1 OPERATIONS SALARIES		0.00	315,039.35		0.00 315,039.35 315,039.35
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	01/31/99	29,755.66	0.00	PR0199		
	02/28/99	25,841.13	0.00	PR0299		
	03/31/99	21,329.72	0.00	PR0399		
	04/30/99	31,815.02	0.00	PR0499		
	05/31/99	23,611.29	0.00	PR0599		
	06/30/99	23,018.98	0.00	PR0699		
	07/31/99	29,554.67	0.00	PR0799		
	08/31/99	23,675.20	0.00	PR0899		
	09/30/99	24,413.98	0.00	PR0999		
	10/30/99	28,976.53	0.00	PR1099		
	11/30/99	25,744.20	0.00	PR1199		
	12/31/99	24,504.90	0.00		PR1299	
	12/31/99	1,929.35	0.00		PR1299	
	12/31/99	518.72	0.00		PR1299	
	12/31/99	350.00	0.00		PR1299	
601-8	601-8 SUPERINTENDENT SALARY		0.00	38,601.35		0.00 38,601.35 38,601.35
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	

ACCOUNT #	DESCRIPTION	BEGINNING BALANCE	TOTAL DEBITS	TOTAL CREDITS	NET CHANGE	ENDING BALANCE
	01/31/99	3,464.03	0.00	PR0199		
	02/28/99	2,690.04	0.00	PR0299		
	03/31/99	2,690.02	0.00	PR0399		
	04/30/99	3,350.03	0.00	PR0499		
	05/31/99	3,350.02	0.00	PR0599		
	06/30/99	2,820.00	0.00	PR0699		
	07/31/99	5,132.05	0.00	PR0799		
	08/31/99	2,690.04	0.00	PR0899		
	09/30/99	2,690.04	0.00	PR0999		
	10/30/99	3,350.03	0.00	PR1099		
	11/30/99	2,975.00	0.00	PR1199		
	12/31/99	3,300.05	0.00	PR1299		
	12/31/99	100.00	0.00	PR1299		
602-1	602-1 MAINTENANCE FDRE SALARY	0.00	66,844.69		0.00	66,844.69
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	01/31/99	6,268.05	0.00	PR0199		
	02/28/99	4,852.05	0.00	PR0299		
	03/31/99	4,852.04	0.00	PR0399		
	04/30/99	6,040.08	0.00	PR0499		
	05/31/99	4,952.06	0.00	PR0599		
	06/30/99	4,752.05	0.00	PR0699		
	07/31/99	6,040.08	0.00	PR0799		
	08/31/99	4,852.06	0.00	PR0899		
	09/30/99	5,446.08	0.00	PR0999		
	10/30/99	5,446.06	0.00	PR1099		
	11/30/99	5,421.99	0.00	PR1199		
	12/31/99	5,702.49	0.00	PR1299		
	12/31/99	1,782.00	0.00	PR1299		
	12/31/99	237.60	0.00	PR1299		
	12/31/99	200.00	0.00	PR1299		
602-8	602-8 OFFICE MANAGER'S SALARY	0.00	26,265.75		0.00	26,265.75
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	01/31/99	2,337.18	0.00	PR0199		
	02/28/99	1,907.60	0.00	PR0299		
	03/31/99	2,125.29	0.00	PR0399		
	04/30/99	2,807.37	0.00	PR0499		
	05/31/99	2,443.77	0.00	PR0599		
	06/30/99	1,393.20	0.00	PR0699		
	07/31/99	2,406.83	0.00	PR0799		
	08/31/99	1,907.60	0.00	PR0899		
	09/30/99	1,933.72	0.00	PR0999		
	10/30/99	2,502.61	0.00	PR1099		
	11/30/99	2,078.58	0.00	PR1199		
	12/31/99	1,857.60	0.00	PR1299		
	12/31/99	464.40	0.00	PR1299		
	12/31/99	100.00	0.00	PR1299		
603-8	603-8 COMMISSIONERS' SALARIES	0.00	10,700.00		0.00	10,700.00
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	

ACCOUNT #	DESCRIPTION	BEGINNING BALANCE	TOTAL DEBITS	TOTAL CREDITS	NET CHANGE	ENDING BALANCE
	01/31/99	900.00	0.00	PRO199		
	02/28/99	900.00	0.00	PRO299		
	03/31/99	900.00	0.00	PRO399		
	04/30/99	900.00	0.00	PRO499		
	05/31/99	1,100.00	0.00	PRO599		
	06/30/99	900.00	0.00	PRO699		
	07/31/99	900.00	0.00	PRO799		
	08/31/99	900.00	0.00	PRO899		
	09/30/99	600.00	0.00	PRO999		
	10/30/99	900.00	0.00	PR1099		
	11/30/99	900.00	0.00	PR1199		
	12/31/99	900.00	0.00	PR1299		
604-B	604-B EMPLOYEE HEALTH INSURANC	0.00	123,792.23	851.40-	122,940.83	122,940.83
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	01/31/99	0.00	67.68-	PRO199		
	01/31/99	322.38	0.00		DENTAL INSURANCE PREMIUM	
	01/31/99	7,914.10	0.00		HEALTH INSURANCE PREMIUM	
	01/31/99	1,053.03	0.00		LIFE AND DISABILILTY PREMIUM	
	02/28/99	0.00	67.68-	PRO299		
	02/28/99	7,360.67	0.00		EMPLOYEES HEALTH PREMIUM	
	02/28/99	567.80	0.00		LIFE AND DISABILITY PREMIUM	
	02/28/99	308.23	0.00		DENTAL INSURANCE PREMIUM	
	03/31/99	0.00	39.24-	PRO399		
	03/31/99	7,748.07	0.00		HEALTH INSURANCE PREMIUM	
	03/31/99	336.53	0.00		DENTAL INSUANCE PREMIUM	
	03/31/99	599.43	0.00		LIFE, DISABILITY PREMIUM	
	04/30/99	0.00	96.12-	PRO499		
	04/30/99	336.53	0.00		DENTAL INSURANCE PREMIUM	
	04/30/99	567.80	0.00		LIFE AND DISABILITY INSURANCE	
	04/30/99	9,580.46	0.00		EMPLOYEE HEALTH PREMIUM	
	05/31/99	0.00	67.68-	PRO599		
	05/31/99	737.30	0.00		JERI BLAIR COPAY & DED 96 & 97	
	05/31/99	244.58	0.00		J BLAIR & MUHL COMM HOS 96 & 7	
	05/31/99	62.17	0.00		J BLAIR & CALUMET CNTR 1997	
	05/31/99	9,580.46	0.00		EMPLOYEE HEALTH PREMIUM	
	05/31/99	567.80	0.00		EMPLOYEE LIFE & DISABILITY INS	
	05/31/99	336.53	0.00		DENTAL INSURANCE PREMIUM	
	06/30/99	0.00	80.76-	PRO699		
	06/30/99	336.53	0.00		EMPLOYEE DENTAL INSURANCE	
	06/30/99	567.80	0.00		EMPLOYEE DIS/LIFE INS.	
	06/30/99	9,580.46	0.00		EMPLOYEE HEALTH INSURANCE	
	07/31/99	0.00	83.04-	PRO799		
	07/31/99	322.38	0.00		DENTAL INSURANCE PREMIUM	
	07/31/99	10,594.33	0.00		EMPLOYEE HEALTH INS PREMIUM	
	07/31/99	573.03	0.00		LIFE, DISABILITY INS. PREM	
	08/31/99	0.00	39.24-	PRO899		
	08/31/99	9,838.37	0.00		EMPLOYEE HEALTH INSURANCE PREM	
	08/31/99	560.63	0.00		EMPLOYEE LIFE & DIS INS PREMIU	
	08/31/99	336.53	0.00		EMPLOYEE DENTAL INSURANCE	
	09/30/99	0.00	67.68-	PRO999		

ACCOUNT #	DESCRIPTION	BEGINNING BALANCE	TOTAL DEBITS	TOTAL CREDITS	NET CHANGE	ENDING BALANCE
	09/30/99	336.53	0.00			
	09/30/99	9,838.37	0.00			
	09/30/99	522.28	0.00			
	10/30/99	0.00	80.76-	PR1099		
	10/31/99	9,838.37	0.00			
	10/31/99	362.69	0.00			
	10/31/99	522.28	0.00			
	11/30/99	0.00	80.76-	PR1199		
	11/30/99	349.61	0.00			
	11/30/99	9,838.37	0.00			
	12/31/99	0.00	80.76-	PR1299		
	12/31/99	1,047.72	0.00			
	12/31/99	363.71	0.00			
	12/31/99	9,838.37	0.00			
605-8	605-8 EMPLOYER RETIRE EXPENSE	0.00	38,792.21	0.00	38,792.21	38,792.21
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	01/31/99	3,885.20	0.00		EXPENSE	
	02/28/99	3,212.62	0.00		EXPENSE	
	03/31/99	2,894.00	0.00		EXPENSE	
	04/30/99	4,024.29	0.00		EXPENSE	
	05/31/99	3,129.78	0.00		EXPENSE	
	06/30/99	3,002.31	0.00		EXPENSE	
	07/31/99	3,511.50	0.00		EXPENSE	
	08/31/99	2,684.28	0.00		EXPENSE	
	09/30/99	2,811.66	0.00		EXPENSE	
	10/31/99	3,305.89	0.00		EXPENSE	
	11/30/99	2,994.88	0.00		EXPENSE	
	12/31/99	3,335.80	0.00		EXPENSE	
610-1	610-1 PURCHASED WATER/OPERAT	0.00	700,944.63	50,580.61-	650,364.02	650,364.02
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	01/01/99	0.00	50,580.61-		FYE DEC 98 ADJUSTING ENTRY	
	01/31/99	50,580.61	0.00		EXPENSE	
	02/28/99	55,562.00	0.00		EXPENSE	
	03/31/99	49,703.06	0.00		EXPENSE	
	04/30/99	53,881.36	0.00		EXPENSE	
	05/31/99	51,296.54	0.00		EXPENSE	
	06/30/99	50,692.50	0.00		EXPENSE	
	07/31/99	60,400.47	0.00		EXPENSE	
	08/31/99	59,809.23	0.00		EXPENSE	
	09/30/99	57,569.27	0.00		EXPENSE	
	10/31/99	55,930.82	0.00		EXPENSE	
	11/30/99	51,300.18	0.00		EXPENSE	
	12/31/99	53,944.02	0.00		EXPENSE	
	12/31/99	50,274.57	0.00		FYE DEC 99 ADJUSTING ENTRY	
615-1	615-1 POWER PURCHASED FOR PUMP	0.00	44,345.77	2,942.20-	41,403.57	41,403.57
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	01/01/99	0.00	2,942.20-		FYE DEC 98 ADJUSTING ENTRY	
	01/31/99	2,942.20	0.00		EXPENSE	

ACCOUNT #	DESCRIPTION	BEGINNING BALANCE	TOTAL DEBITS	TOTAL CREDITS	NET CHANGE	ENDING BALANCE
	02/28/99	4,358.86	0.00			
	03/31/99	4,195.71	0.00			
	04/30/99	1,595.70	0.00			
	05/31/99	4,801.32	0.00			
	06/30/99	2,295.90	0.00			
	07/31/99	3,514.65	0.00			
	08/31/99	4,315.47	0.00			
	09/30/99	3,081.07	0.00			
	10/31/99	2,866.97	0.00			
	11/30/99	3,111.70	0.00			
	12/31/99	3,092.98	0.00			
	12/31/99	4,173.24	0.00			
						FYE DEC 99 ADJUSTING ENTRY
615-8	615-8 OFFICE UTILITIES	0.00	8,856.61	1,605.56-	7,251.05	7,251.05
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	01/01/99	0.00	413.06-		FYE 1998 ADJUSTING ENTRY	
	01/31/99	657.42	0.00		EXPENSE	
	02/28/99	0.00	1,192.50-		REFUND ON WEST KY GAS DEPOSIT	
	02/28/99	660.13	0.00		EXPENSE	
	03/31/99	690.38	0.00		EXPENSE	
	04/30/99	3,018.21	0.00		EXPENSE	
	05/31/99	451.81	0.00		EXPENSE	
	06/30/99	339.75	0.00		EXPENSE	
	07/31/99	192.96	0.00		EXPENSE	
	08/31/99	474.50	0.00		EXPENSE	
	09/30/99	486.03	0.00		EXPENSE	
	10/31/99	409.91	0.00		EXPENSE	
	11/30/99	254.14	0.00		EXPENSE	
	12/31/99	529.71	0.00		EXPENSE	
	12/31/99	21.62	0.00		EXPENSE	
	12/31/99	670.04	0.00		FYE DEC 99 ADJUSTING ENTRY	
618-3	618-3 CHEMICALS AND ANALYSIS	0.00	10,186.00	554.97-	9,631.03	9,631.03
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	01/01/99	0.00	554.97-		FYE 1998 ADJUSTING ENTRY	
	01/31/99	554.97	0.00		EXPENSE	
	02/28/99	503.25	0.00		EXPENSE	
	03/31/99	785.00	0.00		EXPENSE	
	04/30/99	297.00	0.00		EXPENSE	
	05/31/99	1,262.70	0.00		EXPENSE	
	06/30/99	873.00	0.00		EXPENSE	
	07/31/99	249.60	0.00		EXPENSE	
	08/31/99	1,259.25	0.00		EXPENSE	
	09/30/99	2,137.50	0.00		EXPENSE	
	10/31/99	270.00	0.00		EXPENSE	
	11/30/99	1,201.73	0.00		EXPENSE	
	12/31/99	522.00	0.00		EXPENSE	
	12/31/99	270.00	0.00		FYE DEC 99 ADJUSTING ENTRY	
620-1	620-1 PUMP STA OPER SUPPLIES	0.00	3,677.18	155.37-	3,521.81	3,521.81
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	

ACCOUNT #	DESCRIPTION	BEGINNING BALANCE	TOTAL DEBITS	TOTAL CREDITS	NET CHANGE	ENDING BALANCE
	01/01/99	0.00	155.37-	FYE DEC 98 ADJUSTING ENTRY		
	01/31/99	155.37	0.00	EXPENSE		
	02/28/99	166.77	0.00	EXPENSE		
	03/31/99	277.30	0.00	EXPENSE		
	04/30/99	409.10	0.00	EXPENSE		
	05/31/99	239.54	0.00	EXPENSE		
	07/31/99	916.96	0.00	EXPENSE		
	08/31/99	50.17	0.00	EXPENSE		
	09/30/99	10.80	0.00	EXPENSE		
	11/30/99	209.31	0.00	EXPENSE		
	12/31/99	146.76	0.00	EXPENSE		
	12/31/99	1,095.10	0.00	FYE DEC 99 ADJUSTING ENTRY		
620-2	620-2 OPERATION SUPPLIES & EXP	0.00	3,685.78	54.20-	3,631.58	3,631.58
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	01/01/99	0.00	54.20-		FYE DEC 98 ADJUSTING ENTRY	
	01/31/99	54.20	0.00		EXPENSE	
	02/28/99	37.00	0.00		EXPENSE	
	03/31/99	69.00	0.00		EXPENSE	
	04/30/99	283.87	0.00		EXPENSE	
	05/31/99	228.74	0.00		EXPENSE	
	06/30/99	123.10	0.00		EXPENSE	
	07/31/99	695.21	0.00		EXPENSE	
	08/31/99	440.14	0.00		EXPENSE	
	09/30/99	76.00	0.00		EXPENSE	
	10/31/99	127.53	0.00		EXPENSE	
	11/30/99	613.32	0.00		EXPENSE	
	12/31/99	937.67	0.00		EXPENSE	
620-8	620-8 MATERIALS & SUP /AD&G	0.00	15,391.03	1,340.45-	14,050.58	14,050.58
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	01/01/99	0.00	1,340.45-		FYE 1998 ADJUSTING ENTRY	
	01/31/99	1,340.45	0.00		EXPENSE	
	02/28/99	1,649.66	0.00		EXPENSE	
	03/31/99	1,668.85	0.00		EXPENSE	
	04/30/99	1,185.19	0.00		EXPENSE	
	05/31/99	1,245.13	0.00		EXPENSE	
	06/30/99	911.56	0.00		EXPENSE	
	07/31/99	671.88	0.00		EXPENSE	
	08/31/99	1,519.57	0.00		EXPENSE	
	09/30/99	1,936.67	0.00		EXPENSE	
	10/31/99	606.34	0.00		EXPENSE	
	11/30/99	302.44	0.00		EXPENSE	
	12/31/99	1,107.56	0.00		EXPENSE	
	12/31/99	1,245.73	0.00		FYE DEC 99 ADJUSTING ENTRY	
631-8	631-8 CONTR SERV -ENG /AD&G	0.00	5,082.86	1,788.00-	3,294.86	3,294.86
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	01/01/99	0.00	288.00-		FYE 1998 ADJUSTING ENTRY	
	01/31/99	288.00	0.00		EXPENSE	
	02/28/99	720.00	0.00		EXPENSE	

ACCOUNT #	DESCRIPTION	BEGINNING BALANCE	TOTAL DEBITS	TOTAL CREDITS	NET CHANGE	ENDING BALANCE
	03/31/99	1,009.74	0.00	EXPENSE		
	04/30/99	500.00	0.00	EXPENSE		
	06/30/99	500.00	0.00	EXPENSE		
	07/31/99	500.00	0.00	FORD STINSON LINE EXT CERTIFIC		
	11/30/99	1,165.12	0.00	EXPENSE		
	12/31/99	400.00	0.00	FYE DEC 99 ADJUSTING ENTRY		
	12/31/99	0.00	1,500.00-	FYE DEC 99 ADJUSTING ENTRY		
632-8	632-8 CONTR SERV -ACCT /AD&G	0.00	4,990.00	0.00	4,990.00	4,990.00
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	08/31/99	4,990.00	0.00		1998 PSC REPORT & AUDIT	
633-8	633-8 CONTR SERV -LEGAL /A&G	0.00	4,956.00	400.00-	4,556.00	4,556.00
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	01/01/99	0.00	400.00-		FYE 1998 ADJUSTING ENTRY	
	01/31/99	556.00	0.00		EXPENSE	
	02/28/99	400.00	0.00		EXPENSE	
	03/31/99	400.00	0.00		EXPENSE	
	04/30/99	400.00	0.00		EXPENSE	
	05/31/99	400.00	0.00		EXPENSE	
	06/30/99	400.00	0.00		EXPENSE	
	07/31/99	400.00	0.00		EXPENSE	
	08/31/99	400.00	0.00		EXPENSE	
	09/30/99	400.00	0.00		EXPENSE	
	10/31/99	400.00	0.00		EXPENSE	
	11/30/99	400.00	0.00		EXPENSE	
	12/31/99	400.00	0.00		EXPENSE	
635-5	635-5 MAIN DIST. RESER & STPIP	0.00	1,686.76	0.00	1,686.76	1,686.76
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	01/31/99	145.00	0.00		EXPENSE	
	04/30/99	1,529.00	0.00		EXPENSE	
	12/31/99	12.76	0.00		EXPENSE	
636-1	636-1 MAINT. OF PUMPING EQUIP	0.00	11,822.56	4,161.94-	7,660.62	7,660.62
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	01/01/99	0.00	4,161.94-		FYE DEC 98 ADJUSTING ENTRY	
	01/31/99	5,514.25	0.00		EXPENSE	
	02/28/99	90.56	0.00		EXPENSE	
	04/30/99	183.90	0.00		EXPENSE	
	05/31/99	969.10	0.00		EXPENSE	
	06/30/99	993.07	0.00		EXPENSE	
	07/31/99	70.00	0.00		EXPENSE	
	10/31/99	877.42	0.00		EXPENSE	
	12/31/99	3,064.97	0.00		EXPENSE	
	12/31/99	59.29	0.00		FYE DEC 99 ADJUSTING ENTRY	
636-2	636-2 EQUIP MAINT. AND REPAIRS	0.00	7,061.39	1,152.68-	5,908.71	5,908.71
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	01/01/99	0.00	1,062.22-		FYE DEC 98 ADJUSTING ENTRY	
	01/31/99	802.22	0.00		EXPENSE	

ACCOUNT #	DESCRIPTION	BEGINNING BALANCE	TOTAL DEBITS	TOTAL CREDITS	NET CHANGE	ENDING BALANCE
	02/28/99	1,590.72	0.00	EXPENSE		
	03/31/99	1,191.63	0.00	EXPENSE		
	04/30/99	450.28	0.00	EXPENSE		
	05/31/99	166.29	0.00	EXPENSE		
	06/30/99	133.89	0.00	EXPENSE		
	07/31/99	525.00	0.00	EXPENSE		
	07/31/99	0.00	90.46-	CHECK TO AMOS J LOST VOIDED		
	08/31/99	223.20	0.00	EXPENSE		
	09/30/99	710.04	0.00	EXPENSE		
	10/31/99	5.00	0.00	EXPENSE		
	11/30/99	52.68	0.00	EXPENSE		
	12/31/99	1,083.20	0.00	EXPENSE		
	12/31/99	127.24	0.00	FYE DEC 99 ADJUSTING ENTRY		
636-5	636-5 CONTRACT LABDR	0.00	880.00	145.00-	735.00	735.00
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	01/01/99	0.00	145.00-		FYE DEC 98 ADJUSTING ENTRY	
	03/31/99	360.00	0.00		EXPENSE	
	12/31/99	520.00	0.00		EXPENSE	
636-6	636-6 MAINTENANCE OF MAINS	0.00	65,540.48	27,168.35-	38,372.13	38,372.13
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	01/01/99	0.00	5,813.62-		FYE DEC 98 ADJUSTING ENTRY	
	01/31/99	5,813.62	0.00		EXPENSE	
	02/28/99	1,317.71	0.00		EXPENSE	
	03/31/99	1,663.80	0.00		EXPENSE	
	04/30/99	4,086.75	0.00		EXPENSE	
	05/31/99	3,461.52	0.00		EXPENSE	
	06/30/99	3,502.76	0.00		EXPENSE	
	07/31/99	7,930.78	0.00		EXPENSE	
	08/31/99	3,458.61	0.00		EXPENSE	
	09/30/99	7,955.89	0.00		EXPENSE	
	10/31/99	5,614.05	0.00		EXPENSE	
	11/30/99	13,060.54	0.00		EXPENSE	
	12/31/99	4,651.55	0.00		EXPENSE	
	12/31/99	3,022.90	0.00		FYE DEC 99 ADJUSTING ENTRY	
	12/31/99	0.00	1,355.65-		FYE DEC 99 ADJUSTING ENTRY	
	12/31/99	0.00	16,263.26-		FYE DEC 99 ADJUSTING ENTRY	
	12/31/99	0.00	3,735.82-		FYE DEC 99 ADJUSTING ENTRY	
637-6	637-6 MAINTENANCE OF METERS	0.00	18,557.78	12,946.67-	5,611.11	5,611.11
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	01/01/99	0.00	649.80-		FYE DEC 98 ADJUSTING ENTRY	
	01/31/99	649.80	0.00		EXPENSE	
	03/31/99	235.00	0.00		EXPENSE	
	04/30/99	5,838.40	0.00		EXPENSE	
	05/31/99	3,714.00	0.00		EXPENSE	
	06/30/99	1,740.00	0.00		EXPENSE	
	07/31/99	776.51	0.00		EXPENSE	
	08/31/99	0.00	15.60-		PERSON BROKE METER LOCK/REPLAC	
	08/31/99	280.20	0.00		EXPENSE	

ACCOUNT #	DESCRIPTION	BEGINNING BALANCE	TOTAL DEBITS	TOTAL CREDITS	NET CHANGE	ENDING BALANCE
	09/30/99	1,303.83	0.00	EXPENSE		
	10/31/99	1,742.05	0.00	EXPENSE		
	11/30/99	682.47	0.00	EXPENSE		
	12/31/99	1,520.00	0.00	EXPENSE		
	12/31/99	75.52	0.00	FYE DEC 99 ADJUSTING ENTRY		
	12/31/99	0.00	12,281.27-	FYE DEC 99 ADJUSTING ENTRY		
637-8	637-8 COMMUN. RADIO/TELEMETRY	0.00	1,584.07	54.88-	1,529.19	1,529.19
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	01/01/99	0.00	54.88-		FYE 1998 ADJUSTING ENTRY	
	01/31/99	54.88	0.00		EXPENSE	
	03/31/99	1,101.42	0.00		EXPENSE	
	05/31/99	200.28	0.00		EXPENSE	
	07/31/99	94.44	0.00		EXPENSE	
	08/31/99	11.00	0.00		EXPENSE	
	09/30/99	19.95	0.00		EXPENSE	
	10/31/99	19.95	0.00		EXPENSE	
	11/30/99	19.95	0.00		EXPENSE	
	12/31/99	42.25	0.00		EXPENSE	
	12/31/99	19.95	0.00		EXPENSE	
638-6	638-6 MAINTENANCE OF HYDRANTS	0.00	1,904.39	0.00	1,904.39	1,904.39
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	02/28/99	190.14	0.00		EXPENSE	
	06/30/99	99.25	0.00		EXPENSE	
	08/31/99	1,615.00	0.00		EXPENSE	
641-8	641-8 RENT	0.00	684.50	0.00	684.50	684.50
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	01/31/99	58.00	0.00		EXPENSE	
	02/28/99	11.75	0.00		EXPENSE	
	06/30/99	114.00	0.00		EXPENSE	
	08/31/99	500.75	0.00		EXPENSE	
642-8	642-8 EQUIP RENT RADIO TOWER	0.00	1,200.00	0.00	1,200.00	1,200.00
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	01/31/99	100.00	0.00		EXPENSE	
	02/28/99	100.00	0.00		EXPENSE	
	03/31/99	100.00	0.00		EXPENSE	
	04/30/99	100.00	0.00		EXPENSE	
	05/31/99	100.00	0.00		EXPENSE	
	06/30/99	100.00	0.00		EXPENSE	
	07/31/99	100.00	0.00		EXPENSE	
	08/31/99	100.00	0.00		EXPENSE	
	09/30/99	100.00	0.00		EXPENSE	
	10/31/99	100.00	0.00		EXPENSE	
	11/30/99	100.00	0.00		EXPENSE	
	12/31/99	100.00	0.00		EXPENSE	
650-8	650-8 GAS AND OIL	0.00	18,129.71	529.03-	17,600.68	17,600.68
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	

ACCOUNT #	DESCRIPTION	BEGINNING BALANCE	TOTAL DEBITS	TOTAL CREDITS	NET CHANGE	ENDING BALANCE
	01/01/99	0.00	529.03-	FYE 1998 ADJUSTING ENTRY		
	01/31/99	874.18	0.00	EXPENSE		
	02/28/99	1,764.31	0.00	EXPENSE		
	03/31/99	1,116.98	0.00	EXPENSE		
	04/30/99	507.00	0.00	EXPENSE		
	05/31/99	1,155.82	0.00	EXPENSE		
	06/30/99	1,079.74	0.00	EXPENSE		
	07/31/99	1,230.71	0.00	EXPENSE		
	08/31/99	1,334.72	0.00	EXPENSE		
	09/30/99	1,310.79	0.00	EXPENSE		
	10/31/99	2,689.10	0.00	EXPENSE		
	11/30/99	1,658.62	0.00	EXPENSE		
	12/31/99	1,645.78	0.00	EXPENSE		
	12/31/99	1,761.96	0.00	FYE DEC 99 ADJUSTING ENTRY		
651-8	651-8 TRUCK REPAIR & MAINT	0.00	10,473.93	1,254.12-	9,219.81	9,219.81 ✓
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	01/01/99	0.00	1,254.12-		FYE 1998 ADJUSTING ENTRY	
	01/31/99	1,328.18	0.00		EXPENSE	
	02/28/99	63.60	0.00		ERROR IN JANUARY 99	
	02/28/99	532.84	0.00		EXPENSE	
	03/31/99	778.23	0.00		EXPENSE	
	04/30/99	523.29	0.00		EXPENSE	
	05/31/99	1,153.48	0.00		EXPENSE	
	06/30/99	889.57	0.00		EXPENSE	
	07/31/99	1,148.09	0.00		EXPENSE	
	08/31/99	1,068.66	0.00		EXPENSE	
	09/30/99	795.08	0.00		EXPENSE	
	10/31/99	358.32	0.00		EXPENSE	
	11/30/99	914.78	0.00		EXPENSE	
	12/31/99	189.58	0.00		EXPENSE	
	12/31/99	730.23	0.00		FYE DEC 99 ADJUSTING ENTRY	
658-8	658-8 INSUR WKMN'S COMP /AD&G	0.00	8,145.70	2,245.00-	5,900.70	5,900.70
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	01/01/99	2,826.45	0.00		FYE DEC 98 ADJUSTING ENTRY	
	01/31/99	0.00	2,245.00-		DIVIDEND CHECK FROM WORKMANS C	
	06/30/99	2,169.25	0.00		EXPENSE	
	08/31/99	981.00	0.00		EXPENSE	
	09/30/99	2,169.00	0.00		EXPENSE	
659-8	659-8 INSURANCE PROPERTY & VEH	0.00	30,826.81	1,444.22-	29,382.59	29,382.59
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	01/01/99	7,323.72	0.00		FYE DEC 98 ADJUSTING ENTRY	
	01/31/99	113.50	0.00		EXPENSE	
	03/31/99	5,946.00	0.00		EXPENSE	
	04/30/99	257.00	0.00		EXPENSE	
	07/31/99	1,522.50	0.00		PUBLIC OFFICIAL'S LIABILITY	
	11/30/99	12,643.59	0.00		EXPENSE	
	12/31/99	101.50	0.00		ENCHROACHMENT BOND	
	12/31/99	2,919.00	0.00		FYE DEC 99 ADJUSTING ENTRY	

ACCOUNT #	DESCRIPTION	BEGINNING BALANCE	TOTAL DEBITS	TOTAL CREDITS	NET CHANGE	ENDING BALANCE
	12/31/99	0.00	1,444.22-	FYE DEC 99 ADJUSTING ENTRY		
660-8	660-8 ADVERTISING EXP /AD&G	0.00	1,116.22	0.00	1,116.22	1,116.22
	TRX-DATE DR-AMOUNT CR-AMOUNT SOURCE REFERENCE					
	03/31/99 19.50 0.00 EXPENSE					
	04/30/99 30.06 0.00 EXPENSE					
	05/31/99 78.00 0.00 EXPENSE					
	09/30/99 319.32 0.00 EXPENSE					
	10/31/99 446.07 0.00 EXPENSE					
	11/30/99 193.21 0.00 EXPENSE					
	12/31/99 30.06 0.00 FYE DEC 99 ADJUSTING ENTRY					
670-7	670-7 BAD DEBT EXPENSE /CUST	0.00	7,207.28	0.00	7,207.28	7,207.28
	TRX-DATE DR-AMOUNT CR-AMOUNT SOURCE REFERENCE					
	12/31/99 7,207.28 0.00 FYE DEC 99 ADJUSTING ENTRY					
675-8	675-8 OFFICE TELEPHONE	0.00	2,987.51	224.16-	2,763.35	2,763.35
	TRX-DATE DR-AMOUNT CR-AMOUNT SOURCE REFERENCE					
	01/01/99 0.00 221.60- FYE 1998 ADJUSTING ENTRY					
	01/31/99 221.60 0.00 EXPENSE					
	02/28/99 173.19 0.00 EXPENSE					
	03/31/99 219.09 0.00 EXPENSE					
	04/30/99 269.17 0.00 EXPENSE					
	05/31/99 205.15 0.00 EXPENSE					
	06/30/99 200.02 0.00 EXPENSE					
	07/31/99 361.48 0.00 EXPENSE					
	08/31/99 233.75 0.00 EXPENSE					
	09/30/99 0.00 2.56- RITA HOLLAND PAID FOR CALLS					
	09/30/99 256.81 0.00 EXPENSE					
	10/31/99 126.81 0.00 EXPENSE					
	11/30/99 235.84 0.00 EXPENSE					
	12/31/99 196.10 0.00 EXPENSE					
	12/31/99 288.50 0.00 FYE DEC 99 ADJUSTING ENTRY					
676-7	676-7 POSTAGE	0.00	16,288.40	998.31-	15,290.09	15,290.09
	TRX-DATE DR-AMOUNT CR-AMOUNT SOURCE REFERENCE					
	01/01/99 0.00 998.31- FYE DEC 98 ADJUSTING ENTRY					
	01/31/99 2,032.42 0.00 EXPENSE					
	02/28/99 880.42 0.00 EXPENSE					
	03/31/99 881.83 0.00 EXPENSE					
	04/30/99 841.52 0.00 EXPENSE					
	05/31/99 2,243.11 0.00 EXPENSE					
	06/30/99 895.81 0.00 EXPENSE					
	07/31/99 861.49 0.00 EXPENSE					
	08/31/99 2,223.53 0.00 EXPENSE					
	09/30/99 1,731.98 0.00 EXPENSE					
	10/31/99 865.29 0.00 EXPENSE					
	11/30/99 904.71 0.00 EXPENSE					
	12/31/99 936.29 0.00 EXPENSE					
	12/31/99 990.00 0.00 FYE DEC 99 ADJUSTING ENTRY					

ACCOUNT #	DESCRIPTION	BEGINNING BALANCE	TOTAL DEBITS	TOTAL CREDITS	NET CHANGE	ENDING BALANCE
676-8	676-8 TEL & CELLULAR PHONES	0.00	11,138.00	560.77-	10,577.23	10,577.23
	TRX-DATE DR-AMOUNT CR-AMOUNT SOURCE REFERENCE					
	01/01/99 0.00 560.77- FYE 1998 ADJUSTING ENTRY					
	01/31/99 645.31 0.00 EXPENSE					
	02/28/99 1,062.45 0.00 EXPENSE					
	03/31/99 627.47 0.00 EXPENSE					
	04/30/99 785.86 0.00 EXPENSE					
	05/31/99 845.64 0.00 EXPENSE					
	06/30/99 799.52 0.00 EXPENSE					
	07/31/99 736.81 0.00 EXPENSE					
	08/31/99 1,061.55 0.00 EXPENSE					
	09/30/99 760.47 0.00 EXPENSE					
	10/31/99 1,346.30 0.00 EXPENSE					
	11/30/99 1,059.41 0.00 EXPENSE					
	12/31/99 719.99 0.00 EXPENSE					
	12/31/99 223.65 0.00 EXPENSE					
	12/31/99 463.57 0.00 FYE DEC 99 ADJUSTING ENTRY					
677-8	677-8 MAINTENANCE AGREEMENT	0.00	3,378.00	0.00	3,378.00	3,378.00
	TRX-DATE DR-AMOUNT CR-AMOUNT SOURCE REFERENCE					
	04/30/99 528.00 0.00 EXPENSE					
	09/30/99 2,850.00 0.00 COMPUTER RESOURCES/COMPUTER					
678-8	678-8 SEMINARS AND TRAINING	0.00	11,571.13	1,468.00-	10,103.13	10,103.13
	TRX-DATE DR-AMOUNT CR-AMOUNT SOURCE REFERENCE					
	01/31/99 447.07 0.00 EXPENSE					
	02/28/99 215.87 0.00 EXPENSE					
	03/31/99 829.61 0.00 EXPENSE					
	04/30/99 1,038.68 0.00 EXPENSE					
	05/31/99 0.00 183.12- SEMINAR EXPENSE RETURNED					
	05/31/99 1,145.47 0.00 EXPENSE					
	06/30/99 150.00 0.00 EXPENSE					
	07/31/99 0.00 35.25- J HILL RET SEMINAR MONEY					
	07/31/99 230.85 0.00 EXPENSE					
	08/31/99 600.00 0.00 KRW CONV JAMES, HERB, TOMMY					
	09/30/99 0.00 1,203.69- PAID FOR SPOUSES FLIGHTS					
	10/31/99 0.00 36.49- HERB JACKSON RET KRW EXP MONEY					
	10/31/99 2,885.56 0.00 EXPENSE					
	11/30/99 0.00 9.45- B CREAGER RET NRWA SEMINAR EXP					
	11/30/99 3,743.02 0.00 EXPENSE					
	12/31/99 285.00 0.00 FYE DEC 99 ADJUSTING ENTRY					
679-7	679-7 OFFICE SUPP CUST BILLS	0.00	1,175.00	0.00	1,175.00	1,175.00
	TRX-DATE DR-AMOUNT CR-AMOUNT SOURCE REFERENCE					
	02/28/99 1,175.00 0.00 EXPENSE					
679-8	679-8 OFFICE SUPPLIES	0.00	5,672.87	214.07-	5,458.80	5,458.80
	TRX-DATE DR-AMOUNT CR-AMOUNT SOURCE REFERENCE					
	01/01/99 0.00 214.07- FYE 1998 ADJUSTING ENTRY					
	01/31/99 1,071.70 0.00 EXPENSE					
	02/28/99 264.22 0.00 EXPENSE					

ACCOUNT #	DESCRIPTION	BEGINNING BALANCE	TOTAL DEBITS	TOTAL CREDITS	NET CHANGE	ENDING BALANCE
	09/30/99	490.10	0.00	EXPENSE		
	10/31/99	490.10	0.00	EXPENSE		
	11/30/99	498.35	0.00	EXPENSE		
	12/31/99	493.10	0.00	EXPENSE		
	12/31/99	988.20	0.00	FYE DEC 99 ADJUSTING ENTRY		
683-8	683-8 DAMAGES	0.00	1,253.02	219.91-	1,033.11	1,033.11
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	01/01/99	0.00	219.91-		FYE 1998 ADJUSTING ENTRY	
	01/31/99	219.91	0.00		EXPENSE	
	04/30/99	214.30	0.00		ERROR ON APRIL 99	
	06/30/99	787.50	0.00		DAMAGES TO DRIVEWAYS	
	09/30/99	11.43	0.00		DEPOSIT PAID SETTER DAMAGE	
	12/31/99	19.88	0.00		EXPENSE	
684-8	684-8 DUES AND SUBSCRIPTIONS	0.00	1,230.00	0.00	1,230.00	1,230.00
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	02/28/99	85.00	0.00		EXPENSE	
	09/30/99	230.00	0.00		EXPENSE	
	10/31/99	15.00	0.00		SAM'S DUES	
	11/30/99	825.00	0.00		EXPENSE	
	12/31/99	75.00	0.00		EXPENSE	
685-8	685-8 OFFICE & GARAGE MAINT.	0.00	3,004.99	171.33-	2,833.66	2,833.66
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	01/01/99	0.00	171.33-		FYE 1998 ADJUSTING ENTRY	
	01/31/99	171.33	0.00		EXPENSE	
	02/28/99	208.27	0.00		EXPENSE	
	03/31/99	36.00	0.00		EXPENSE	
	04/30/99	1,676.16	0.00		EXPENSE	
	05/31/99	66.74	0.00		EXPENSE	
	06/30/99	128.41	0.00		EXPENSE	
	07/31/99	158.57	0.00		EXPENSE	
	08/31/99	162.20	0.00		EXPENSE	
	09/30/99	97.98	0.00		EXPENSE	
	10/31/99	61.37	0.00		EXPENSE	
	11/30/99	131.00	0.00		EXPENSE	
	12/31/99	50.00	0.00		PEST CONTROL	
	12/31/99	56.96	0.00		FYE DEC 99 ADJUSTING ENTRY	
686-8	686-8 OFFICE CLEANING & MAINT.	0.00	4,405.06	322.46-	4,082.60	4,082.60
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	01/01/99	0.00	322.46-		FYE 1998 ADJUSTING ENTRY	
	01/31/99	322.46	0.00		EXPENSE	
	02/28/99	300.00	0.00		EXPENSE	
	03/31/99	200.00	0.00		EXPENSE	
	04/30/99	300.00	0.00		EXPENSE	
	06/30/99	450.00	0.00		EXPENSE	
	07/31/99	360.00	0.00		EXPENSE	
	08/31/99	360.00	0.00		EXPENSE	
	09/30/99	450.00	0.00		EXPENSE	

ACCOUNT #	DESCRIPTION	BEGINNING BALANCE	TOTAL DEBITS	TOTAL CREDITS	NET CHANGE	ENDING BALANCE
	10/31/99	492.60	0.00			
	11/30/99	360.00	0.00			
	12/31/99	450.00	0.00			
	12/31/99	360.00	0.00			
687-8	687-8 TRAVEL AND MILEAGE	0.00	449.66	0.00	449.66	449.66
	TRX-DATE DR-AMOUNT CR-AMOUNT SOURCE REFERENCE					
	03/31/99 195.96 0.00	0.00				
	09/30/99 43.00 0.00	0.00				
	10/31/99 19.48 0.00	0.00				
	11/30/99 191.22 0.00	0.00				
688-8	688-8 MEETING EXPENSES	0.00	577.95	7.98-	569.97	569.97
	TRX-DATE DR-AMOUNT CR-AMOUNT SOURCE REFERENCE					
	01/01/99 0.00 7.98-	7.98-				
	01/31/99 62.16 0.00	0.00				
	02/28/99 45.72 0.00	0.00				
	03/31/99 59.30 0.00	0.00				
	04/30/99 36.84 0.00	0.00				
	05/31/99 43.40 0.00	0.00				
	06/30/99 42.54 0.00	0.00				
	08/31/99 49.50 0.00	0.00				
	09/30/99 64.40 0.00	0.00				
	10/31/99 51.85 0.00	0.00				
	11/30/99 68.02 0.00	0.00				
	12/31/99 54.22 0.00	0.00				
689-8	689-8 LICENSE	0.00	67.56	0.00	67.56	67.56
	TRX-DATE DR-AMOUNT CR-AMOUNT SOURCE REFERENCE					
	03/31/99 27.00 0.00	0.00				
	08/31/99 3.00 0.00	0.00				
	08/31/99 37.56 0.00	0.00				
691-8	691-8 FLOWERS	0.00	619.01	0.00	619.01	619.01
	TRX-DATE DR-AMOUNT CR-AMOUNT SOURCE REFERENCE					
	02/28/99 35.00 0.00	0.00				
	03/31/99 75.00 0.00	0.00				
	04/30/99 69.98 0.00	0.00				
	05/31/99 87.98 0.00	0.00				
	06/30/99 25.00 0.00	0.00				
	09/30/99 231.07 0.00	0.00				
	10/31/99 34.99 0.00	0.00				
	11/30/99 59.99 0.00	0.00				
693-8	693-8 NOTARY EXPENSE	0.00	20.00	0.00	20.00	20.00
	TRX-DATE DR-AMOUNT CR-AMOUNT SOURCE REFERENCE					
	03/31/99 20.00 0.00	0.00				
697-8	697-8 MISCELLANEOUS EXPENSE	0.00	3,781.07	300.00-	3,481.07	3,481.07
	TRX-DATE DR-AMOUNT CR-AMOUNT SOURCE REFERENCE					
	02/28/99 52.65 0.00	0.00				

ACCOUNT #	DESCRIPTION	BEGINNING BALANCE	TOTAL DEBITS	TOTAL CREDITS	NET CHANGE	ENDING BALANCE
	09/30/99	29.20	0.00	EXPENSE		
	11/30/99	1,047.50	0.00	ADMIN. EX. ON 1995 BOND		
	11/30/99	19.08	0.00	PLAQUE IN MEMORY JAMES SPURLIN		
	11/30/99	1,032.44	0.00	CHRISTMAS PARTY-CHARLIE'S REST		
	11/30/99	1,298.00	0.00	DONATION FOR CHILDREN AT CHRIS		
	12/31/99	0.00	300.00-	PAID FOR COMMISSIONERS GIFTS		
	12/31/99	302.20	0.00	COMMISSIONER'S CHRISTMAS GIFT		
699-8	699-8 FIRST AID SUPPLIES	0.00	389.52	40.28-	349.24	349.24
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE REFERENCE		
	01/01/99	0.00	40.28-	FYE 1998 ADJUSTING ENTRY		
	01/31/99	40.28	0.00	EXPENSE		
	03/31/99	30.28	0.00	EXPENSE		
	05/31/99	53.54	0.00	EXPENSE		
	06/30/99	101.62	0.00	EXPENSE		
	07/31/99	25.11	0.00	EXPENSE		
	10/31/99	32.31	0.00	EXPENSE		
	11/30/99	33.77	0.00	EXPENSE		
	12/31/99	32.77	0.00	EXPENSE		
	12/31/99	39.84	0.00	FYE DEC 99 ADJUSTING ENTRY		
700-1	700-1 TRANS TO BOND FROM GENER	0.00	478,971.46	478,971.46-	0.00	0.00
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE REFERENCE		
	01/31/99	0.00	29,251.00-	INCOME		
	01/31/99	29,251.00	0.00	EXPENSE		
	02/28/99	0.00	29,251.00-	TRANSFER		
	02/28/99	29,251.00	0.00	TRANSFER		
	03/31/99	0.00	5,338.53-	TRANSFER FROM CONSTRUCTION ACC		
	03/31/99	0.00	20,742.60-	TRANSFER FROM DEPRECIATION ACC		
	03/31/99	0.00	29,251.00-	INCOME		
	03/31/99	29,251.00	0.00	TRANSFER		
	03/31/99	20,742.60	0.00	TRANSFER		
	04/30/99	0.00	70,282.29-	TRANSFER		
	04/30/99	0.00	29,251.00-	TRANSFER		
	04/30/99	70,282.29	0.00	TRANSFER		
	04/30/99	29,251.00	0.00	EXPENSE		
	04/30/99	5,338.53	0.00	ERROR IN MARCH		
	05/31/99	0.00	29,251.00-	TRANSFER		
	05/31/99	29,251.00	0.00	TRANSFER		
	06/30/99	0.00	29,251.00-	INCOME		
	06/30/99	29,251.00	0.00	TRANSFER		
	07/31/99	0.00	31,596.04-	TRANSFER FROM DEP TO GENERAL F		
	07/31/99	0.00	29,251.00-	TRANSFER		
	07/31/99	31,596.04	0.00	TRANSFER		
	07/31/99	29,251.00	0.00	TRANSFER		
	08/31/99	0.00	29,251.00-	TRANSFER		
	08/31/99	29,251.00	0.00	TRANSFER		
	09/30/99	0.00	29,251.00-	TRANSFER		
	09/30/99	29,251.00	0.00	TRANSFER		
	10/31/99	0.00	29,251.00-	TRANSFER		
	10/31/99	29,251.00	0.00	TRANSFER		

ACCOUNT #	DESCRIPTION	BEGINNING BALANCE	TOTAL DEBITS	TOTAL CREDITS	NET CHANGE	ENDING BALANCE
	11/30/99	0.00	29,251.00-	TRANSFER		
	11/30/99	29,251.00	0.00	TRANSFER		
	12/31/99	0.00	29,251.00-	INCOME		
	12/31/99	29,251.00	0.00	TRANSFER		
700-2	700-2 TRANS TO/FROM DEPRECIATN	0.00	12,780.00	12,780.00-	0.00	0.00
	TRX-DATE	DR-AMOUNT	CR-AMOUNT	SOURCE	REFERENCE	
	01/31/99	0.00	1,065.00-		TRANSFER	
	01/31/99	1,065.00	0.00		EXPENSE	
	02/28/99	0.00	1,065.00-		TRANSFER	
	02/28/99	1,065.00	0.00		TRANSFER	
	03/31/99	0.00	1,065.00-		TRANSFER	
	03/31/99	1,065.00	0.00		TRANSFER	
	04/30/99	0.00	1,065.00-		TRANSFER	
	04/30/99	1,065.00	0.00		EXPENSE	
	05/31/99	0.00	1,065.00-		INCOME	
	05/31/99	1,065.00	0.00		TRANSFER	
	06/30/99	0.00	1,065.00-		INCOME	
	06/30/99	1,065.00	0.00		TRANSFER	
	07/31/99	0.00	1,065.00-		TRANSFER	
	07/31/99	1,065.00	0.00		TRANSFER	
	08/31/99	0.00	1,065.00-		TRANSFER	
	08/31/99	1,065.00	0.00		TRANSFER	
	09/30/99	0.00	1,065.00-		TRANSFER	
	09/30/99	1,065.00	0.00		TRANSFER	
	10/31/99	0.00	1,065.00-		TRANSFER	
	10/31/99	1,065.00	0.00		ASSET	
	11/30/99	0.00	1,065.00-		TRANSFER	
	11/30/99	1,065.00	0.00		TRANSFER	
	12/31/99	0.00	1,065.00-		INCOME	
	12/31/99	1,065.00	0.00		TRANSFER	
	GRAND TOTALS:	0.00	8,309,935.71	8,309,935.71-	0.00	0.00