



Ernie Fletcher
Governor

LaJuana S. Wilcher, Secretary
Environmental and Public
Protection Cabinet

Christopher L. Lilly
Commissioner
Department of Public Protection

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

Mark David Goss
Chairman

Teresa J. Hill
Vice Chairman

September 15, 2006

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

Re: Case No. 2004-00364

Dear Ms. Tinnell:

In Case No. 2004-00364, the Commission approved Shadow Wood Waste Environmental, LLC's ("Shadow Waste") purchase of the wastewater treatment facilities of Shadow Wood Subdivision Sewer Service.

On August 4, 2006, Shadow Waste was sent a letter, a copy of which is attached, requesting that it correct its Annual Report for the Calendar Year Ending December 31, 2005 to properly reflect the transfer. The letter requested that Shadow Waste correct the 2005 annual report and resubmit the corrected pages within 20 days of the date of the letter. To date, the corrected pages have not been received.

Please correct the 2005 annual report and resubmit the corrected pages within 15 days of the date of this letter. If you have any questions, please call Daniel Hinton of the Commission Staff at (502) 564-3940, extension 276.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read "Beth O'Donnell".

Beth O'Donnell
Executive Director

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



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August 4, 2006

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

Re: Case No. 2004-00364

Dear Ms. Tinnell:

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

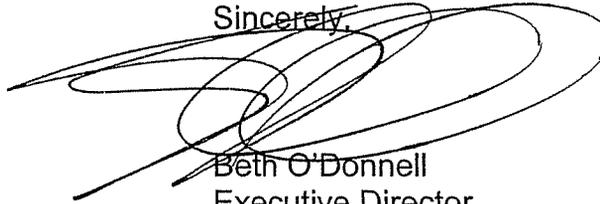
Commission Staff's review of the annual report revealed the following problems:

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

Letter to Ms. Tinnell
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August 4, 2006

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

Sincerely,

A handwritten signature in black ink, appearing to read "Beth O'Donnell", written over the word "Sincerely,".

Beth O'Donnell
Executive Director

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