

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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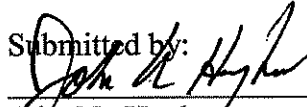
MAR 17 2006

PUBLIC SERVICE
COMMISSION

Application of Water Service Corporation)
of Kentucky for an Adjustment of Rates) Case No. 2005-00325
)

**WATER SERVICE CORPORATION OF KENTUCKY'S SUPPLEMENTAL
RESPONSE TO COMMISSION STAFF'S SECOND INFORMATION REQUEST**

Water Service Corporation of Kentucky (WSCK), by counsel, files the attached supplemental responses to the Commission's second data request pursuant to the telephone conference of February 17, 2006.


Submitted by:


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Corporation of Kentucky

Certificate of Service:

A copy of this Response was delivered to David Spenard of the Attorney General's Office, 1024 Capital Center Dr, Frankfort, KY 40601 the 17th day of March, 2006.



John N. Hughes

13) Refer to PMA-1, pages 3, 4 and 15.

a) Footnote 11 on page 4 indicates that the size premium displayed on page 3 for the Proxy Group of Three Value Line Water Companies should be from the sixth decile of the NYSE/AMEX/NASDAQ as shown on page 15. Table 7-5 on page 15, however, indicates that the sixth decile size premium is 1.75 percent, rather than 1.61 percent. Explain the discrepancy and provide any corrected workpapers.

b) State whether Ms. Ahern is stating that the size premium should be between 442 and 480 basis point(sic), but is recommending only 60 and 65 basis points as the adjustment.

c) Describe how Ms. Ahern developed her estimates of 60 and 65 basis points.

Response: (Witness Responsible – Pauline M. Ahern)

See attached tab 1.

DATA REQUEST #17

Refer to Water Services response to Commission Staff's First Data Request, Items 12 and 18.

- a. Provide an employee schedule in the format provided in Schedule 17 in Excel. Include a copy of the employee schedule on a computer disk.

Witness responsible for responding to questions relating to the information provided is Kirsten Weeks.

RESPONSE: See tab 2

DATA REQUEST #18

Refer to the Revised w/p(b), Calculation of Salary and Benefits, that was filed December 21, 2005.

- a. Provide a detailed calculation of each salary listed in the column "Total Annualized Salary."

Witness responsible for responding to questions relating to the information provided is Kirsten Weeks.

Refer to the Revised w/p(b), Calculation of Salary and Benefits, that was filed December 21, 2005.

- b. Provide a complete description of the "WSC Salary Allocation, including bonus" of \$29,306. Separate the amount between the salary and the bonus with an explanation of the purpose of the bonus. Identify the expense account that the \$29,306 was allocated.

Response: See tab 3

DATA REQUEST #21

In response to Question 16 of her direct testimony, Ms. Weeks states that in recalculating accumulated depreciation a composite rate of 2 percent was used for water plant and a 25 percent depreciation rate was used for computer and transportation equipment. In its filing of November 3, 2005, Water Service provided “[t]he appropriate useful lives for classes of plant accounts.”

- a. Recalculate accumulated depreciation, depreciation expense, amortization of CIAC and AIAC, the deferred income taxes using the depreciation lives filed on November, 3, 2004.
- b. Determine the effect of the revisions requested in Item 21(a) on Water Service’s pro forma operations, rate base, and revenue requirement.
- c. Provide copies of all work papers, calculations, and assumptions used in the responses to 21(a) and 21(b).

Witness responsible for responding to questions relating to the information provided is Kirsten Weeks.

RESPONSE: See tab 4

DATA REQUEST #23

In response to Question 15 of her direct testimony, Ms. Weeks states that Water Service has invested nearly \$1,000,000 in utility plant in service since acquisition. However, in Case No. 2005-00433, Water Service states that “Utilities has infused over \$200,000 to fund over 40 capital projects undertaken and completed by Water Service during the short time that Water Service has owned and operated the Kentucky facilities.” Explain the discrepancy between these statements.

Witness responsible for responding to questions relating to the information provided is Kirsten Weeks.

RESPONSE: See tab 5

DATA REQUEST #25

Refer to Exhibit 10 of the Application, Schedule C, Rate Base and Rate of Return.

- a. The first column in the rate base is entitled "Per Restatement." Provide a revised pro forma income statement using Excel that includes the columns for the actual test-period operations and the restatement adjustments.
- b. Provide a copy of the revised rate base requested in 25(a) on a computer disk.
- c. Accumulated depreciation, CIAC, and AIAC has been restated to reflect a 2 percent depreciation rate from the date the assets were placed in service. State the effect of these adjustments on deferred income taxes. State all assumptions, show all calculations, and provide all work papers used to determine these effects.

Witness responsible for responding to questions relating to the information provided is Kirsten Weeks.

RESPONSE: See tab 4

DATA REQUEST #26

Refer Water Service's response to Commission Staff's First Data Request, Item 3 and 14, "Pro Forma Plant to be included in Rate Case." The total cost for the project to replace the 100 year old clear well tank is \$419,622. Explain why Water Service did not request a Certificate of Public Convenience and Necessity before it began construction of the project.

Witness responsible for responding to questions relating to the information provided is Kirsten Weeks.

RESPONSE: See tab 7

DATA REQUEST #27

In its Order in Case No. 10481, the Commission stated that “[a]djustments for post test-period additions to plant in service should not be requested unless all revenues, expenses, rate, and capital items have been updated to the same period as the plant additions.”

- a. State whether Water Service’s application is in complies with this requirement.

Witness responsible for responding to questions relating to the information provided is Kirsten Weeks.

RESPONSE: See tab 8

DATA REQUEST #33

Refer to Annual Report of Utilities of Kentucky, Inc. to the Public Service Commission of the Commonwealth of Kentucky for the Calendar Year Ended December 31, 1998 at 23 "Statement of Retained Earnings."

- a. Provide a detailed explanation of the acquisition adjustment debit that reduces retained earnings by \$1,702,742.
- b. State the effect to Water Service's rate base, capital structure, and revenue requirement if this adjustment were reversed.

Witness responsible for responding to questions relating to the information provided is Kirsten Weeks.

RESPONSE: See tab 9

DATA REQUEST #34

In response to Question 18 of her direct testimony, Ms. Weeks explains that Water Service is proposing that its rates be determined by utilizing the rate of return on rate base methodology. Given that the requested rate base exceeds Water Service's capital structure by \$837,426, explain why the stockholders are entitled to earn a return in excess of the amount they actually have invested.

Witness responsible for responding to questions relating to the information provided is Kirsten Weeks.

RESPONSE: See tab 10

DATA REQUEST #35

Refer to Water Services response to Commission Staff's First Data Request, Item 20. List each fringe benefit offered to Water Service Corporation employees and state the cost to be allocated to Water Service of each benefit by employee for 2004, 2005, and the expected cost in 2006.

Witness responsible for responding to questions relating to the information provided is Kirsten Weeks.

RESPONSE: See tab 11

DATA REQUEST #38

Refer to Water Services response to Commission Staff's First Data Request, Item 29.
Explain why the contract is not currently available. Provide copies of the contract when it is available.

Witness responsible for responding to questions relating to the information provided is Kirsten Weeks.

RESPONSE: See tab 12

DATA REQUEST #39

Explain how the proposed rates were calculated. Show all calculations and state all assumptions used to develop the rates.

Witness responsible for responding to questions relating to the information provided is Kirsten Weeks.

RESPONSE: See tab 13

Water Service Corporation of Kentucky
Derivation of Investment Risk Adjustment Based upon
Ibbotson Associates' Size Premia for the Decile Portfolios of the NYSE/AMEX/NASDAQ

Line No.	1		2		3	4	5				
	Total Capitalization (incl. Short-Term Debt) for the Year 2004		Market Capitalization on June 20, 2005 (1)		Applicable Decile of the NYSE/AMEX/NASDAQ	Applicable Size Premium	Spread from Applicable Size Premium (2)				
	(millions)	(times larger)	(millions)	(times larger)							
1. <u>Water Service Corporation of Kentucky</u>	\$ 3.873	(3)									
A. <u>Based upon the Proxy Group of Six AUS Utility Reports Water Companies</u>			\$ 8.594		10 (4)	6.41%	(5)				
B. <u>Based upon the Proxy Group of Three Value Line (Standard Edition) Water Companies</u>			\$ 8.890		10 (4)	6.41%	(5)				
2. <u>Proxy Group of Six AUS Utility Reports Water Companies</u>	\$ 553.127	(6)	142.8	x	\$ 752.630	87.6	x	7 - 8 (7)	1.99%	(8)	4.42%
3. <u>Proxy Group of Three Value Line (Standard Edition) Water Companies</u>	\$ 947.813	(9)	244.7		\$ 1,341.742	150.9		6 (10)	1.75%	(11)	4.66%

Decile	Number of Companies	Recent Total Market Capitalization (millions)	Recent Average Market Capitalization (millions)
1 - Largest	172	\$8,214,688.366	\$47,759.816
2	177	1,722,153.325	9,729.680
3	199	894,917.914	4,497.075
4	209	548,389.454	2,623.873
5	219	400,381.543	1,828.226
6	257	326,662.936	1,267.171
7	300	264,131.617	880.439
8	372	219,976.996	591.336
9	589	230,476.080	391.301
10 - Smallest	1782	185,820.318	104.276

See page 4 for notes.

JCT = non exempt

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File #	Name	RATE TYPE	Rate 1 Amt	7/1/05-6/30/06	HIREDATE	COCODE	HOMED	DEPARTMENT
1608	Arnoux, Diane L	S	1,934.62	50,300.12	5/23/1986	JCT	II	Accounting F/t
98979	Campuzano, Linda S.	S	1,223.08	31,800.08	3/29/2004	JCT	II	Cust Serv
99130	Dicks, Diana Lynn	S	1,538.47	40,000.22	9/6/2005	JCT	II	MIS F/t
99150	Dixon, Janice Lynn	S	1,153.85	30,000.10	10/7/2005	JCT	II	Admin F/t
625	Friedman, Avelina	S	1,784.62	46,400.12	6/8/1998	JCT	II	Accounting F/t
98891	Gomez, Samuel Jaramillo	S	1,342.31	34,900.06	6/2/2003	JCT	II	Accounting F/t
444	Guidice, Joyce J	S	1,896.84	49,317.84	6/5/1995	JCT	II	Human Resources F/t
332	Lawrence, Brent R	S	1,612.22	41,917.72	7/5/1994	JCT	II	Admin F/t
760	Luppino, Nancy L	S	1,746.16	45,400.16	11/8/1999	JCT	II	Accounting F/t
98872	Luppino, Phyllis A	S	1,478.85	38,450.10	3/10/2003	JCT	II	Accounting F/t
99104	McGrain, Pamela C	S	1,678.85	43,650.10	12/18/2000	JCT	II	MIS F/t
99177	Melchiorre, Barbara S	H	13.50	28,080.00	11/29/2005	JCT	II	Rate Case P/t
98886	Paule, Nancy Patricia	S	1,234.04	32,085.04	5/12/2003	JCT	II	Admin F/t
764	Schiopu, Mircea	S	1,213.47	31,550.22	12/6/1999	JCT	II	Admin F/t
99178	Schuetz, Karen Lynn	H	17.50	36,400.00	11/28/2005	JCT	II	Accounting P/t
99133	Smutny Jr., Thomas A	S	1,346.16	35,000.16	9/12/2005	JCT	II	MIS F/t
99134	Ward, Inger Carol	S	1,192.31	31,000.06	9/12/2005	JCT	II	Cust Serv
98932	Zawacki, Maureen Elizabeth	S	1,242.00	32,292.00	10/6/2003	JCT	II	Admin F/t

Water Service Corporation of Kentucky
Case No. 2005-00325
Employee Schedule
Item 17 a

Schedule 17

Page 1 of 1

Witness Responsible:

2004 2004

Employee Reference	Title	Date of Hire	Length of Employment	Wage Rate Effective 01-01-05	Wage Rate Implemented 10/15/05	Test-Period Regular Hours	Test-Period Overtime Hours
Bolt, Gregory C	Operator	10/17/95	still employed	\$ 13.42	\$ 13.88	2080	69
Heck, Travis N	Meter Reader	10/17/95	still employed	\$ 10.89	\$ 12.72	2080	67
Johnson, Harvey H	Operator	09/17/79	still employed	\$ 14.23	\$ 14.65	2080	194
Leonard, James R	Regional Manager	06/12/78	still employed	\$ 24.76	\$ 25.75	2080	exempt
Millis, Wendell G	Operator	05/23/00	still employed	\$ 16.15	\$ 17.36	2080	283
Orkst, James H	Meter Reader	06/24/02	still employed	\$ 11.54	\$ 11.94	2080	80
Partin, Michael W	Operator	06/24/02	still employed	\$ 12.37	\$ 12.80	2080	132
Pickard, Michael A	Area Manger	03/25/02	still employed	\$ 18.27	\$ 19.09	1120	86
Russell, R D	Area Manger	10/09/89	still employed	\$ 17.93	\$ 18.73	2080	exempt
Spurlock, Charles F	Operator	03/02/05	1 month	\$ 14.96	N/A	2080	247
Turner, John R	Operator	03/25/02	still employed	\$ 12.11	\$ 12.41	2080	216
Yates Jr., Bobby E	Area Manger	10/01/02	5/7/2004	N/A	N/A	720	15
Cox, David T	Laborer	05/17/04	9/3/2004	N/A	N/A	468	20
Daniel, Carl	Vice President & Regional Director	01/10/74	still employed	\$ 68.75	\$ 74.52	2080	exempt
Petrey, Vivian A	Customer Service Representative	03/16/96	9 years 5.5 months	\$ 11.63	N/A	2080	0
Standtler, Reba F	Office Manager	01/02/87	still employed	\$ 17.55	\$ 18.60	2080	0
Thomas, Pamela	Customer Service Representative	08/07/98	still employed	\$ 12.69	\$ 13.58	2080	4
Camaren, Jim	CEO						
Schumacher, Lawrence	President & CFO						
Crossett, Lisa	Director of Operations						
Lubertozzi, Steven	Director of Regulatory Accounting						
Amoux, Diane	Payroll						
Cohn, Michelle	Senior Accountant						
Deigado, Daniel	Manager, Planning & Analysis						
Friedman, Avelina	Account Manager						
Luppino, Nancy	Account Manager						
Haynes, John	Director of Corporate Accounting						
Slivey, Justine	Human Resource Generalist						
Aylin, Sue	Executive Assistant						
McGrain, Pamela	Account Manager						
Kocan, Chris	Senior Accountant						
Guidice, Joyce	Benefits Coordinator						
Weeks, Kirsten	Senior Regulatory Accountant						
Turov, Igor	Accountant						

Employee Reference	Title	Date of Hire	Length of Employment	Wage Rate Effective 01-01-05	Wage Rate Implemented 10/15/05	Test-Period Regular Hours	Test Period Overtime Hours
Bernardi, Brad	Senior Analyst, Planning & Analysis						
Dihel, Steven	Regulatory Accountant						
Luppino, Phyllis	Account Manager						
Baratz, Daniel	Regulatory Accountant						
Cabugason, Art	Operations Analyst						
Gingery, Todd	Administrative Clerk						
Lawrence, Brent	Administrative Services						
Matthews, Mary Ellen	Billing Manger						
Schiopu, Mircea	Mail Room Services						
Parrish, Marge	Receptionist						
Paulie, Nancy	Receptionist						
Lowman, Adrienne	Corporate Customer Services Manager						
Owens, Patricia	Director of Customer Relations & Administrative Services						
Casados, Jim	MIS Manger						
Gingery, Karen	Data Processing Coordinator						
Berlet, Erica	Network Administrator						
Gomez, Sam	Data Entry						
Friedlander, Larry	Assistant MIS Manager						

Note: Overtime rate is 1.5 times regular hourly rate.

Water Service Corporation of Kentucky
Case No. 2005-00325
Employee Schedule
Item 17 c

Employee Reference	Title	2002 Wage Rates	2003 Wage Rates	% Increase
Bolt, Gregory C	Operator	\$ 12.65	\$ 13.02	3%
Heck, Travis N	Meter Reader	\$ 8.32	\$ 10.11	22%
Johnson, Harvey H	Operator	\$ 13.40	\$ 13.81	3%
Leonard, James R	Regional Manager	\$ 20.67	\$ 24.04	16%
Mills, Wendell G	Operator	\$ 14.00	\$ 14.75	5%
Onkst, James H	Meter Reader	\$ 8.95	\$ 11.20	25%
Partin, Michael W	Operator	N/A	\$ 11.54	N/A
Pickard, Michael A	Area Manger - started 6/3/04	N/A	N/A	N/A
Russell, R D	Area Manger	\$ 16.83	\$ 17.40	3%
Spurlock, Charles F	Operator	\$ 14.33	\$ 14.67	2%
Turner, John R	Operator	\$ 9.38	\$ 11.64	24%
Yates Jr., Bobby E	Area Manger	\$ 20.19	\$ 20.77	3%
Cox, David T	Laborer - started and terminated 04	N/A	N/A	N/A
Daniel, Carl	Vice President & Regional Director	\$ 68.75	\$ 70.14	2%
Petrey, Vivian A	Customer Service Representative	\$ 9.59	\$ 11.06	15%
Standifer, Reba F	Office Manager	\$ 14.78	\$ 16.59	12%
Thomas, Pamela	Customer Service Representative	\$ 11.53	\$ 12.02	4%
Camaren, Jim	CEO			
Schumacher, Lawrence	President & CFO			
Crossett, Lisa	Director of Operations			
Lubertozzi, Steven	Director of Regulatory Accounting			
Arnoux, Diane	Payroll			
Cohn, Michelle	Senior Accountant			
Delgado, Daniel	Manager, Planning & Analysis			
Friedman, Avelina	Account Manager			
Luppino, Nancy	Account Manager			
Haynes, John	Director of Corporate Accounting			
Silvey, Justine	Human Resource Generalist			
Aylin, Sue	Executive Assistant			
McGrain, Pamela	Account Manager			
Kocan, Chris	Senior Accountant			
Guidice, Joyce	Benefits Coordinator			
Weeks, Kirsten	Senior Regulatory Accountant			
Turov, Igor	Accountant			
Bernardi, Brad	Senior Analyst, Planning & Analysis			
Dihel, Steven	Regulatory Accountant			
Luppino, Phyllis	Account Manager			
Baratz, Daniel	Regulatory Accountant			
Cabugason, Art	Operations Analyst			
Gingery, Todd	Administrative Clerk			
Lawrence, Brent	Administrative Services			
Matthews, Mary Ellen	Billing Manger			
Schiopu, Mircea	Mail Room Services			
Parrish, Marge	Receptionist			
Paulie, Nancy	Receptionist			
Lowman, Adrienne	Corporate Customer Services Manager			
Owens, Patricia	Director of Customer Relations & Administrative Services			
Casados, Jim	MIS Manger			
Gingery, Karen	Data Processing Coordinator			
Berlet, Erica	Network Administrator			
Gomez, Sam	Data Entry			
Friedlander, Larry	Assistant MIS Manager			

2004 Accruals	2005 Accruals	2005 Termination Date	STATUS	TERMINATIONDATE 12/02/05	2004 Retroearnings	2005 Retroearnings	COMPANYCODE	2004 Bonuses	2005 Bonuses	2004 On Call Duty	2005 On Call Duty
1,175.70	1,270.11	A	T		20.00	276.71	JCT	1,000.00	1,327.51	-	-
-	(789.24)	A			-	-	JCT	500.00	1,230.01	-	-
-	(346.14)	A			18.46	276.50	JCT	100.00	1,200.00	-	-
581.25	307.41	A			61.44	26.32	JCT	100.00	762.51	-	-
354.33	228.13	A			15.38	158.53	JCT	850.00	942.50	-	-
6.01	9.13	A			18.46	236.86	JCT	350.00	1,291.26	-	-
(452.66)	(655.15)	A			23.08	288.65	JCT	100.00	1,112.51	-	-
11.09	-	A			23.08	249.50	JCT	500.00	1,205.00	-	-
-	48.88	A			18.46	254.43	JCT	350.00	1,031.26	-	-
42.51	43.08	A			23.08	253.85	JCT	500.00	1,161.26	-	-
-	55.46	A			18.46	256.75	JCT	500.00	-	-	-
(623.95)	(40.25)	T			-	-	JCT	100.00	948.13	-	-
-	-	T		08/12/05	-	-	JCT	400.00	875.00	-	-
-	(52.16)	A			15.38	187.79	JCT	100.00	850.00	-	-
(35.21)	(155.81)	A			15.38	181.73	JCT	-	-	-	-
-	-	A			-	-	JCT	-	100.00	-	-
-	269.23	A			-	-	JCT	-	850.00	-	-
7.50	7.50	A			18.46	189.00	JCT	100.00	-	-	-

RESPONSE

The \$201 in bonuses was included in the \$29,306 total, however, it should have been subtracted.

WATER SERVICE CORPORATION OF KENTUCKY
 Plant Restatement
 Through Complete Rate Case

w/p [p]

Plant # & Acquisition	Year Placed in Service	Date Acq.	Utility Plant in Service		Years in Service	Depr. Rate	Acc. Depr.	Net Plant	Depreciation Expense	Fully Deprac.
			Total							
3036010	1981	1/1/1981	3,257.48		24.5	0.0%	-	3,257.48	-	No
3036010	1981	1/1/1981	596.00		24.5	0.0%	-	596.00	-	No
3036010	1981	1/1/1981	1,234.50		24.5	0.0%	-	1,234.50	-	No
3043021	1985	11/21/1985	13,478.20		20.5	3.1%	8,654.47	4,843.73	421.19	No
3044031	1985	11/21/1985	185,476.30		20.5	3.1%	118,820.75	66,655.55	5,796.13	No
3043021	1985	11/21/1985	2,641.38		20.5	3.1%	1,692.13	949.25	82.54	No
3044031	1985	11/21/1985	6,336.72		20.5	3.1%	4,059.46	2,277.26	198.02	No
3072014	1985	11/21/1985	30,123.53		20.5	3.3%	20,584.41	9,539.12	1,004.12	No
3113025	1985	11/21/1985	194,242.01		20.5	5.0%	194,242.01	-	-	Yes
3113025	1985	11/21/1985	25,622.80		20.5	5.0%	25,622.80	-	15,190.44	Yes
3204032	1985	11/21/1985	334,189.62		20.5	4.5%	311,403.96	22,785.66	-	No
3204032	1985	11/21/1985	13,680.34		20.5	4.5%	12,747.59	932.75	621.83	No
3204032	1985	11/21/1985	312,686.93		20.5	4.5%	9,471.67	693.05	462.03	No
3305042	1985	11/21/1985	10,164.72		20.5	2.7%	173,245.46	139,441.47	8,451.00	No
3305042	1985	11/21/1985	125,585.14		20.5	2.7%	69,580.96	56,004.18	3,394.19	No
3315043	1985	11/21/1985	2,264,076.47		20.5	2.3%	1,079,385.29	1,184,691.18	52,652.94	No
3315043	1985	11/21/1985	283,658.51		20.5	2.3%	135,232.55	148,425.96	6,596.71	No
3315043	1985	11/21/1985	40,452.80		20.5	2.3%	19,285.64	21,167.16	940.76	No
3335045	1985	11/21/1985	515,437.63		20.5	2.5%	264,161.79	251,275.84	12,885.94	No
3335045	1985	11/21/1985	78,560.82		20.5	2.5%	40,262.42	38,298.40	1,964.02	No
3345046	1985	11/21/1985	370,692.25		20.5	5.0%	370,692.25	-	-	Yes
3345046	1985	11/21/1985	70,195.28		20.5	5.0%	70,195.28	-	-	Yes
3345046	1985	11/21/1985	145,967.76		20.5	5.0%	145,967.76	-	-	Yes
3345047	1985	11/21/1985	19,188.32		20.5	5.0%	19,188.32	-	-	Yes
3355048	1985	11/21/1985	19,188.32		20.5	2.2%	58,923.14	70,420.33	2,874.30	No
3355048	1985	11/21/1985	129,343.47		20.5	2.2%	9,969.99	11,915.35	486.34	No
3466094	1997	7/31/1997	6,000.81		8.5	6.3%	3,187.93	2,812.88	375.05	No
3466094	1997	7/31/1997	677.84		8.5	6.3%	360.10	317.74	42.37	No
3466094	1997	7/31/1997	39,951.21		8.5	6.3%	21,224.08	18,727.13	2,496.95	No
3466094	1997	7/31/1997	18,022.24		8.5	6.3%	9,574.32	8,447.93	1,126.39	No
3466094	1997	7/31/1997	29,151.79		8.5	6.7%	16,519.35	12,632.44	1,943.45	No
3466094	1997	7/31/1997	34,478.84		8.5	6.3%	18,316.88	16,161.96	2,154.93	No
3466094	1997	7/31/1997	682.50		8.5	6.3%	362.58	319.92	42.66	No
3466097	1997	7/31/1997	33,033.68		8.5	10.0%	28,095.63	4,938.05	3,305.37	No
3466097	1997	7/31/1997	6,843.71		8.5	10.0%	5,817.15	1,026.56	684.37	No
3466094	1997	7/31/1997	12,226.94		8.5	6.3%	6,495.56	5,731.38	764.18	No
3466094	1997	7/31/1997	337.29		8.5	6.3%	179.19	158.10	21.08	No

Year Placed in Service	Date Acq.	Utility Plant in Service		Years in Service	Depr. Rate	Acc. Depr.	Net Plant	Depreciation Expense	Fully Deprec.
		Total							
3406091	7/31/1997	25,347.95	10,984.11	8.5	6.7%	14,363.84	1,689.86	No	
3406091	7/31/1997	7,520.74	3,258.99	8.5	6.7%	4,261.75	501.38	No	
3406091	7/31/1997	20,637.80	8,943.05	8.5	6.7%	11,694.75	1,375.85	No	
3406091	7/31/1997	3,041.00	1,317.77	8.5	6.7%	1,723.23	202.73	No	
3406091	7/31/1997	854.21	370.16	8.5	6.7%	484.05	56.95	No	
3044031	7/31/1997	8,920.93	6,551.31	8.5	3.1%	2,369.62	278.78	No	
3044031	7/31/1997	18,713.80	13,742.95	8.5	3.1%	4,970.85	584.81	No	
3406090	7/31/1997	42,319.97	33,326.98	8.5	2.5%	8,992.99	1,058.00	No	
3044031	7/31/1997	117,894.63	86,578.87	8.5	3.1%	31,315.76	3,684.21	No	
3044031	7/31/1997	2,383.00	1,750.02	8.5	3.1%	632.98	74.47	No	
3044031	7/31/1997	454.00	333.41	8.5	3.1%	120.59	14.19	No	
3036010	7/31/1997	840.80	840.80	8.5	0.0%	-	-	No	
3036010	7/31/1997	6,853.00	6,853.00	8.5	0.0%	-	-	No	
3036010	7/31/1997	628.83	628.83	8.5	0.0%	-	-	No	
3036010	7/31/1997	1,025.44	1,025.44	8.5	0.0%	-	-	No	
3036010	7/31/1997	5,496.00	5,496.00	8.5	0.0%	-	-	No	
3917000	7/31/1997	91,200.55	112.00	8.5	16.7%	91,200.55	-	Yes	
3917000	7/31/1997	23,193.71	-	8.5	16.7%	23,193.71	-	Yes	
3917000	7/31/1997	30,641.95	-	8.5	16.7%	30,641.95	-	Yes	
3917000	7/31/1997	3,289.00	-	8.5	16.7%	3,289.00	-	Yes	
3917000	7/31/1997	626.00	-	8.5	16.7%	626.00	-	Yes	
3917000	7/1/1999	23,723.00	-	6.5	16.7%	23,723.00	-	Yes	
3486096	12/1/2000	69,976.00	54,581.28	5.5	4.0%	15,394.72	2,799.04	No	
3917000	1/1/2000	21,601.00	1,800.08	5.5	16.7%	19,800.92	3,600.17	No	
3917000	3/1/2000	24,098.00	2,008.17	5.5	16.7%	22,089.83	4,016.33	No	
3917000	3/1/2001	32,326.00	8,081.50	4.5	16.7%	24,244.50	5,387.67	No	
3011001	2002	102,864.30	93,863.67	3.5	2.5%	9,000.63	2,571.61	No	
3044031	2002	36,282.69	33,107.95	3.5	2.5%	3,174.74	907.07	No	
3072014	2002	1,346.14	147.23	3.5	3.1%	1,198.91	42.07	No	
3113025	2002	2,564.66	299.21	3.5	3.3%	2,265.45	85.49	No	
3305042	2002	1,677.65	293.59	3.5	5.0%	1,384.06	33.88	No	
3315043	2002	1,404.00	132.81	3.5	2.7%	1,271.19	37.95	No	
3335045	2002	2,185.53	177.89	3.5	2.3%	2,007.64	50.83	No	
3345046	2002	3,140.44	274.79	3.5	2.3%	2,865.65	78.51	No	
3345047	2002	4,413.36	772.34	3.5	5.0%	3,641.02	220.67	No	
3406090	2002	957.00	167.48	3.5	5.0%	789.53	47.85	No	
3406091	2002	337.36	29.52	3.5	2.5%	307.84	8.43	No	
3446095	2002	1,090.57	254.47	3.5	6.7%	836.10	72.70	No	
3466094	2002	884.16	206.30	3.5	6.7%	677.86	58.94	No	
3406120	2002	18,242.95	3,990.65	3.5	6.3%	14,252.30	1,140.18	No	
3406020	2002	2,108.99	1,230.24	3.5	16.7%	878.75	351.50	No	
3917000	2002	5,671.16	2,141.51	3.5	16.7%	1,529.65	611.86	No	
		25,878.91	10,782.88			15,096.03	4,313.15	No	
		6,172,970.35	2,526,943.44			3,646,026.91	162,986.44	No	

2003 Plant Additions

3043021	2003	13,462.48	12,410.72	2.5	3.1%	1,051.76	420.70	No
3044031	2003	1,618.50	1,492.05	2.5	3.1%	126.45	50.58	No
3072014	2003	5,470.00	5,014.17	2.5	3.3%	455.83	182.33	No
3113025	2003	32,835.42	28,730.99	2.5	5.0%	4,104.43	1,641.77	No
3204032	2003	17,543.28	15,548.73	2.5	4.5%	1,994.55	797.42	No
3305042	2003	16,661.01	15,335.27	2.5	2.7%	1,325.74	450.30	No
3335045	2003	41,952.37	39,513.28	2.5	2.3%	2,439.09	975.64	No
3345046	2003	26,709.77	25,040.41	2.5	2.5%	1,669.36	667.74	No
3345047	2003	4,795.80	4,196.33	2.5	5.0%	599.48	239.79	No
3355048	2003	9,455.75	8,273.78	2.5	5.0%	1,181.97	472.79	No
3406090	2003	6,200.92	5,856.42	2.5	2.2%	344.50	137.80	No
3406091	2003	17,592.84	16,493.29	2.5	2.5%	1,099.55	439.82	No
3406091	2003	2,191.35	1,826.13	2.5	6.7%	365.23	146.09	No

Year Placed in Service	Utility Plant in Service		Years in Service	Depr. Rate	Acc. Depr.	Net Plant	Depreciation Expense	Fully Deprac.
	Date Acq.	Total						
3466094	2003	10,737.46	2.5	6.3%	1,677.73	9,069.73	671.09	No
3466097	2003	3,348.00	2.5	10.0%	837.00	2,511.00	334.80	No
3466020	2003	3,592.20	2.5	16.7%	1,498.75	2,093.45	598.70	No
3917000	2003	66,712.73	2.5	16.7%	27,796.97	38,915.76	11,118.79	No
3036010	2003	-	2.5	0.0%	-	-	-	Yes
3011001	2003	22,898.39	2.5	2.5%	1,431.15	21,467.24	572.46	No
	Subtotal	303,778.27			49,796.53	253,981.74	19,918.61	
2004 Plant Additions								
3042011	2004	1,000.00	1.5	3.1%	46.88	953.13	31.25	No
3043021	2004	797.48	1.5	3.1%	37.38	760.10	24.92	No
3044031	2004	256.20	1.5	3.1%	12.01	244.19	8.01	No
3072014	2004	2,509.50	1.5	3.3%	125.48	2,384.03	83.65	No
3113025	2004	126,329.50	1.5	5.0%	9,474.71	116,854.79	6,316.48	No
3204032	2004	122,260.43	1.5	4.5%	8,335.94	113,924.49	5,557.29	No
3305042	2004	9,867.00	1.5	2.7%	400.01	9,466.99	266.68	No
3315043	2004	37,080.26	1.5	2.3%	1,293.50	35,786.76	862.33	No
3335045	2004	17,986.84	1.5	2.5%	674.51	17,312.33	449.67	No
3345046	2004	13,804.14	1.5	5.0%	1,035.31	12,768.83	690.21	No
3345047	2004	18,268.50	1.5	5.0%	1,370.14	16,898.36	913.43	No
3355048	2004	100,639.60	1.5	2.2%	3,354.65	97,284.95	2,236.44	No
3406090	2004	-	1.5	2.5%	-	-	-	Yes
3406091	2004	-	1.5	6.7%	579.43	5,601.15	386.29	Yes
3466094	2004	6,180.58	1.5	6.3%	-	-	-	Yes
3466097	2004	2,901.96	1.5	10.0%	725.49	2,176.47	483.66	Yes
3466020	2004	55,831.70	1.5	16.7%	13,957.93	41,873.78	9,305.28	No
3917000	2004	-	1.5	0.0%	-	-	-	Yes
3036010	2004	1,945.82	1.5	2.5%	72.97	1,872.85	48.65	No
3011001	2004	517,659.51	1.5	2.5%	41,449.45	475,210.06	27,632.97	No
	Subtotal	6,994,408.13			3,737,272.88	3,256,135.25	210,538.02	
	Total	113,080.53			30,824.96	82,255.57	3,403.83	
Advances in Aid of Construction								
Common	1991	11,611.30	14.5	3.0%	5,067.90	6,543.40	349.51	No
Common	1993	1,938.50	12.5	3.0%	729.38	1,209.12	58.35	No
Common	1995	5,579.76	10.5	3.0%	1,763.54	3,816.22	167.96	No
Common	1995	22,218.75	10.5	3.0%	7,022.45	15,196.30	668.80	No
Common	1995	7,500.00	10.5	3.0%	2,370.45	5,129.55	225.76	No
Common	1997	8,730.50	8.5	3.0%	2,233.77	6,496.73	262.80	No
Common	1997	23,736.03	8.5	3.0%	6,073.05	17,662.98	714.48	No
Common	1999	10,148.14	6.5	3.0%	1,985.54	8,162.60	305.47	No
Common	2000	1,866.20	5.5	3.0%	308.96	1,557.24	56.17	No
Common	2000	11,617.18	5.5	3.0%	1,923.28	9,693.90	349.69	No
Common	2000	8,134.17	5.5	3.0%	1,346.65	6,787.52	244.85	No
	Subtotal	113,080.53			30,824.96	82,255.57	3,403.83	
	Total	113,080.53			30,824.96	82,255.57	3,403.83	
Contributions in Aid of Construction								
Common	1988	9,255.00	17.5	3.0%	4,875.22	4,379.78	278.58	No
Common	1990	19,145.65	15.5	3.0%	8,932.67	10,212.98	576.30	No
Common	1990	2,885.35	15.5	3.0%	1,346.20	1,539.15	86.85	No
Common	1992	38,770.04	13.5	3.0%	15,754.68	23,015.36	1,167.01	No
Common	1994	3,600.00	11.5	3.0%	1,246.18	2,353.82	108.36	No
Common	1997	592.40	8.5	3.0%	151.57	440.83	17.83	No
Common	1998	6,393.40	7.5	3.0%	1,443.35	4,950.05	192.45	No
Common	1998	3,543.75	7.5	3.0%	800.03	2,743.72	106.67	No

	Year Placed in Service	Date Acq.	Utility Plant in Service		Years in Service	Depr. Rate	Acc. Depr.	Net Plant	Depreciation Expense	Fully Deprec.
			Total							
Common	1999	8/31/1999	5,087.76		6.5	3.0%	995.45	4,092.31	153.15	No
		Subtotal	89,273.35				35,545.35	53,728.00	2,687.21	
<u>Contributions in Aid of Construction 2003 Additions</u>										
Common	2003		(8,249.36)		2.5	3.0%	(620.78)	(7,628.58)	(248.31)	No
Common	2003		221.00		2.5	3.0%	16.63	204.37	6.65	No
		Subtotal	(8,028.36)				(604.15)	(7,424.21)	(241.66)	
		Total	81,244.99				34,941.19	46,303.80	2,445.55	

WATER SERVICE CORPORATION OF KENTUCKY
CASE NO. 2005-00325
FIRST SET OF DATA REQUESTS, ITEM #21

(1)	Plant additions from acquisition to 12/31/02 (includes water and sewer plant accounts only)	5,876,348
(2)	CIAC additions froma acquisition to 12/31/02	(89,273)
(3)	Net plant additions	<u>5,787,075</u>
(4)	Book expense:	184,277
(5)	Depreciation expense at WSCK's book depreciation rate	<u>184,277</u>
(6)	Tax expense:	
(7)	Tax depreciation rate	<u>4.00%</u>
(8)	Tax depreciation	<u>231,483</u>
(9)	Difference between book and tax rate	47,206
(10)	Total ADIT depreciation adjustment - state (4%)	(1,888)
(11)	Total ADIT depreciation adjustment - federal (34%)	(15,408)

WATER SERVICE CORPORATION OF KENTUCKY
CASE NO. 2005-00325
FIRST SET OF DATA REQUESTS, ITEM #21

(1)	Plant additions from acquisition to 12/31/03 (includes water and sewer plant accounts only)	6,113,414
(2)	CIAC additions from acquisition to 12/31/03	(81,245)
(3)	Net plant additions	<u>6,032,169</u>
(4)	Book expense:	204,196
(5)	Depreciation expense at WSCK's book depreciation rate	<u>204,196</u>
(6)	Tax expense:	
(7)	Tax depreciation rate	<u>4.00%</u>
(8)	Tax depreciation	<u>241,287</u>
(9)	Difference between book and tax rate	37,091
(10)	Total ADIT depreciation adjustment - state (4%, 5%)	(1,605)
(11)	Total ADIT depreciation adjustment - federal (34%)	(12,065)

**WATER SERVICE CORPORATION OF KENTUCKY
CASE NO. 2005-00325
FIRST SET OF DATA REQUESTS, ITEM #21**

(1)	Plant additions from acquisition to 12/31/03 (includes water and sewer plant accounts only)	6,575,242
(2)	CIAC additions from acquisition to 12/31/03	(81,245)
(3)	Net plant additions	<u>6,493,997</u>
(4)	Book expense:	177,141
(5)	Depreciation expense at WSCK's book depreciation rate	<u>177,141</u>
(6)	Tax expense:	
(7)	Tax depreciation rate	<u>4.00%</u>
(8)	Tax depreciation	<u>259,760</u>
(9)	Difference between book and tax rate	82,619
(10)	Total ADIT depreciation adjustment - state (4%, 5%, 6%)	(4,207)
(11)	Total ADIT depreciation adjustment - federal (34%)	(26,660)

	Per Restatement	Pro Forma Adjustments	Pro Forma Present	Proposed Increase	Pro Forma Proposed
Operating Revenues					
Service Revenues - Water	\$ 1,378,947	\$ (7,278) [I]	\$ 1,371,669	\$ 825,423 [a]	\$ 2,197,092
Service Revenues - Sewer	-	-	-	-	-
Miscellaneous Revenues	36,738	-	36,738	-	36,738
Uncollectible Accounts	(16,783)	-	(16,783)	(10,100) [b]	(26,883)
Total Operating Revenues	1,398,901	(7,278)	1,391,624	815,323	2,206,947
Maintenance Expenses					
Salaries and Wages	391,796	14,805 [c]	406,601	-	406,601
Purchased Power	42,517	2,346 [j]	44,863	-	44,863
Purchased Water	85,614	4,724 [j]	90,338	-	90,338
Maintenance and Repair	120,028	6,623 [j]	126,651	-	126,651
Maintenance Testing	16,320	901 [j]	17,220	-	17,220
Meter Reading	-	- [j]	-	-	-
Chemicals	79,315	4,377 [j]	83,691	-	83,691
Transportation	26,615	1,469 [j]	28,084	-	28,084
Operating Exp. Charged to Plant	(121,266)	(6,310) [k]	(127,576)	-	(127,576)
Outside Services - Other	18,261	1,008 [j]	19,268	-	19,268
Total	659,199	29,942	689,141	-	689,141
General Expenses					
Salaries and Wages	127,678	49,558 [c]	177,236	-	177,236
Office Supplies & Other Office Exp.	44,800	2,472 [j]	47,272	-	47,272
Regulatory Commission Exp.	-	39,384 [d]	39,384	-	39,384
Pension & Other Benefits	103,251	16,739 [c]	119,990	-	119,990
Rent	18,492	1,020 [j]	19,513	-	19,513
Insurance	67,228	3,710 [j]	70,938	-	70,938
Office Utilities	32,001	1,766 [j]	33,767	-	33,767
Miscellaneous	(18)	(1) [j]	(19)	-	(19)
Total	393,433	114,648	508,081	-	508,081
Depreciation	183,354	62,165 [e]	245,519	-	245,519
Taxes Other Than Income	136,302	7,469 [f]	143,771	5,347 [f]	149,118
Income Taxes - Federal	(5,795)	(104,538) [g]	(110,333)	259,403 [g]	149,070
Income Taxes - State	12,270	(25,791) [g]	(13,521)	47,027 [g]	33,506
Expense Reduction Related to Clinton Sewer Operations	(102,670)	77,041 [m]	(25,629)	-	(25,629)
Amortization of CIAC and AIAC	(1,628)	(4,221) [e]	(5,849)	-	(5,849)
Total	221,832	12,124	233,956	311,777	545,733
Total Operating Expenses	1,274,464	156,714	1,431,178	311,777	1,742,955
Net Operating Income	\$ 124,437	\$ (163,991)	\$ (39,554)	\$ 503,547	\$ 463,993
Interest During Construction	(5,618)	5,618 [h]	-	-	-
Interest on Debt	136,089	38,533 [i]	174,622	-	174,622
Net Income	\$ (6,034)	\$ (208,142)	\$ (214,176)	\$ 503,547	\$ 289,371

- [a] Revenues are annualized at proposed rates using the actual test year customers.
- [b] Uncollectible accounts are adjusted based on the percentage of uncollectible accounts to revenues in the test year applied to pro forma proposed revenues.
- [c] Salaries, wages and benefits are adjusted accordingly to reflect upcoming increases in salaries.
- [d] Regulatory commission expense has been adjusted to reflect the cost of the current rate case over 3 years.
- [e] Depreciation and amortization expense are annualized. Depreciation expense represents gross depreciable plant at 12/31/04 plus actual and estimated general ledger additions, actual and estimated net capital projects additions, and actual and estimated capitalized time additions, multiplied by the depreciation rate of 2.00% for water plant, and 25% for computers and vehicles.
- [f] Taxes other than income are adjusted for annualized payroll taxes, utility commission taxes, real estate taxes, and gross receipts taxes.
- [g] Income taxes are computed on taxable income at current rates (34% federal and the stepped state rate).
- [h] AFUDC is eliminated for rate making purposes.
- [i] Interest on debt has been computed using a 55.91% / 44.09% debt / equity ratio and a 7.28% cost of debt. The 55.91% and 7.28% are multiplied by pro forma present rate base to determine interest on debt.
- [j] A 5.518% adjustment has been made to account for the increase in the consumer price index since acquisition.
- [k] Operating expense charged to plant has been adjusted for projected increases in salaries, taxes, and benefits for operators.
- [l] Revenues are adjusted to bring present revenues to the amount calculated from consumption information.
- [m] Expenses for Clinton sewer operations have been reduced to actual expense reductions.

	Per Restatement	Pro Forma Adjustments	As Adjusted	Proposed Increase	Effect of Proposed Increase
Net Operating Income	\$ 124,437	(163,991)	\$ (39,554)	503,547	\$ 463,993
Gross Plant In Service	\$ 6,994,408 [a]	175,388 [f]	7,169,796	-	\$ 7,169,796
Accumulated Depreciation	(3,737,273) [b]	529,625 [e]	(3,207,648)	-	(3,207,648)
Net Plant In Service	3,257,135	705,013	3,962,148	-	3,962,148
Cash Working Capital	148,617	19,007 [c]	167,624	-	167,624
Contributions In Aid of Construction	(46,304) [b]	-	(46,304)	-	(46,304)
Advances in Aid of Construction	(82,256) [b]	-	(82,256)	-	(82,256)
Accumulated Deferred Income Taxes	(358,146)	225,513	(132,633)	-	(132,633)
Customer Deposits	(114,589)	- [f]	(114,589)	-	(114,589)
Capitalized Time	-	64,299 [g]	64,299	-	64,299
Reduction for Transportation Equipment	-	(4,522) [h]	(4,522)	-	(4,522)
Water Service Corporation	43,029	-	43,029	-	43,029
Pro Forma Plant	-	995,597 [d]	995,597	-	995,597
Pro Forma Plant Retirements	-	(559,367) [d]	(559,367)	-	(559,367)
Total Rate Base	\$ 2,847,487	\$ 1,445,541	\$ 4,293,028	\$ -	\$ 4,293,028
Return on Rate Base	4.37%		-0.92%		10.81%

[a] Gross plant in service has been restated to account for an asset that was not booked at the time of acquisition.

[b] Accumulated depreciation, CIAC, and AIAC have been restated to reflect a 2% depreciation rate from the time the assets or liabilities were put in service.

[c] Working capital is calculated based on pro forma maintenance expenses, pro forma general expenses, and taxes other than income.

[d] Pro forma plant is adjusted for net planned additional capital investments that will be completed by the hearing date and is only an estimate. The Company will only be requesting rate base treatment on actual capital expenditures through the hearing date.

[e] Accumulated depreciation is adjusted for planned additional capital investments [d], invoiced and estimated additions to gross plant in service [f], and completed and estimated additions to capitalized time [g].

[f] January 2005 through July 2005 actual invoiced general ledger additions, plus estimated invoiced general ledger additions through the hearing date. This is only an estimate. The Company will only be requesting rate base treatment on actual capital expenditures through the hearing date.

[g] January 2005 through July 2005 actual capitalized time additions, plus estimated capitalized time additions through the hearing date. This is only an estimate. The Company will only be requesting rate base treatment on actual capital expenditures through the hearing date.

[h] Transportation equipment has been reduced due to operator time for Clinton sewer operations.

Water Service Corporation of Kentucky

Capital expenditures [net of retirements] from date of acquisition through 12/31/2005

	Capital Expenditures Recorded to the General Ledger	Capital Projects	Total
2002	\$ 78,678.56	\$ 15,367.50	\$ 94,046.06
2003	158,212.03	145,566.24	303,778.27
2004	144,196.20	373,463.31	517,659.51
2005	368,660.68	365,491.81	734,152.49
Total	<u>\$ 749,747.47</u>	<u>\$899,888.86</u>	<u>\$1,649,636.33</u>

DATA REQUEST #25

Refer to Exhibit 10 of the Application, Schedule C, Rate Base and Rate of Return.

- a. The first column in the rate base is entitled "Per Restatement." Provide a revised pro forma income statement using Excel that includes the columns for the actual test-period operations and the restatement adjustments.
- b. Provide a copy of the revised rate base requested in 25(a) on a computer disk.
- c. Accumulated depreciation, CIAC, and AIAC has been restated to reflect a 2 percent depreciation rate from the date the assets were placed in service. State the effect of these adjustments on deferred income taxes. State all assumptions, show all calculations, and provide all work papers used to determine these effects.

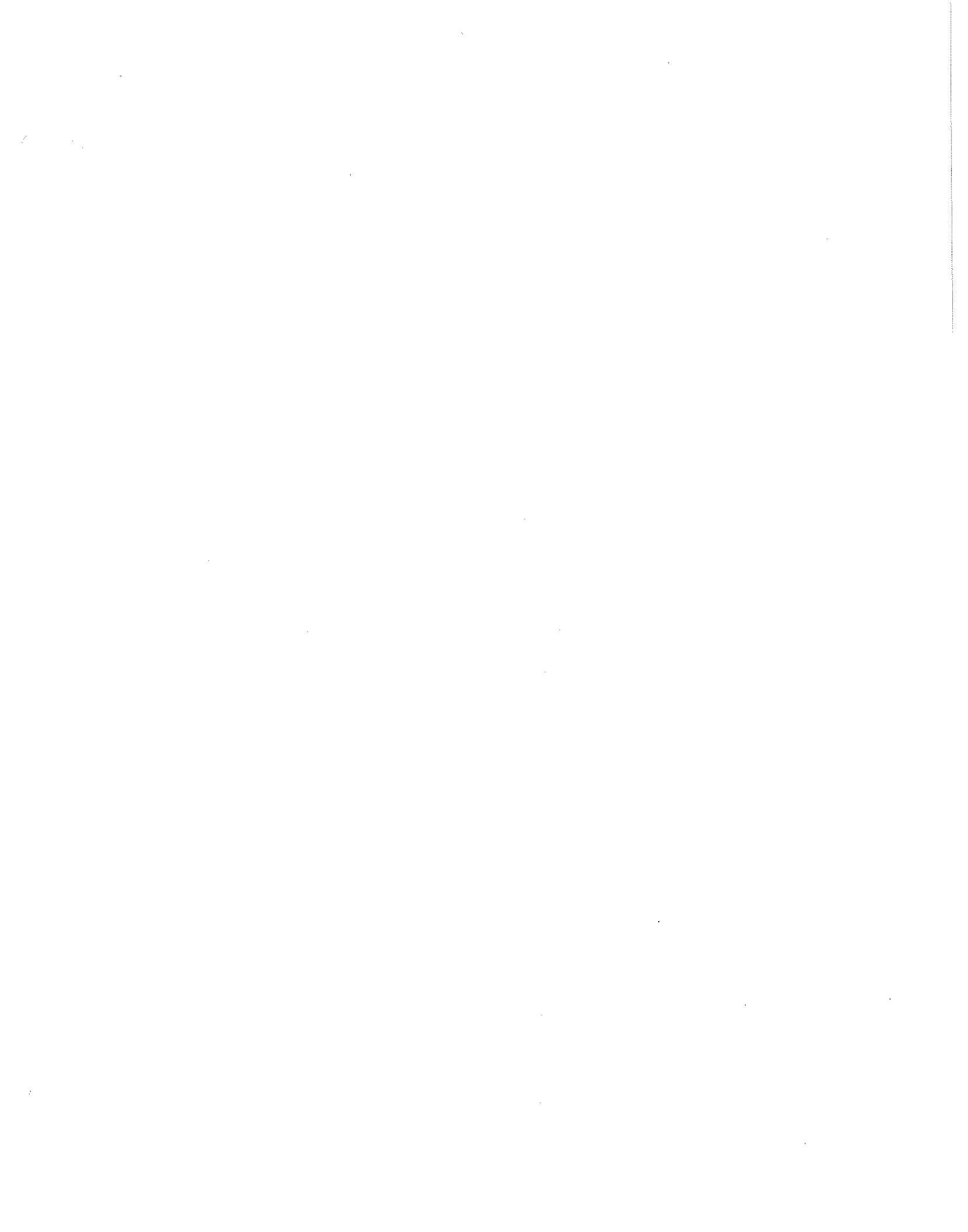
Witness responsible for responding to questions relating to the information provided is Kirsten Weeks.

RESPONSE: See tab 4

WSCK believed that it had complied with the requirements of the PSC and provided a written notice of the project. WSCK now has reviewed the specific statutory requirements for a certificate and will comply with those requirements in any future construction project.

RESPONSE:

ERCs as of 12/31/04 for water were 8,389 and as of 12/31/05 this number increased by about 1% for a total of 8,455. This growth of customers is not significant. The Company is willing to update the revenues for customer growth; however, this update will bring the need to increase certain expenses as well. For example, with the increase of customers, purchased power, purchased water, chemicals and other expenses would increase. The net increase in revenues minus expenses would not have a great impact for rate base making purposes.



The acquisition of the WSKK was properly booked. The acquisition adjustment referred to above is the prior company's adjustment which was never (and should never have been) booked by WSKK. This acquisition adjustment was four years before Utilities, Inc. acquired the Company, and was not reflected in records given to the Company.

Please see attached updated unaudited capital structure as of 12/31/05. As soon as the audited capital structure statement becomes available, it will be forwarded to the Commission.

UTILITIES, INC. AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENTS OF CAPITALIZATION

AT DECEMBER 31, 2005 AND 2004

	December 31, 2005	December 31, 2004
COMMON SHAREHOLDERS' EQUITY:		
Common shares, \$.10 par value; authorized and issued 1,000 shares	\$ 100	\$ 100
Paid-in capital	24,261,656	24,261,656
Retained earnings (\$42,152,239 restricted at December 31, 2005 and 2004)	71,411,589	67,825,751
Note receivable from parent	(2,650,000)	(2,650,000)
Other comprehensive income	(412,098)	(473,910)
	\$ 92,611,247	\$ 88,963,597
 LONG-TERM DEBT:		
Collateral trust notes-		
5.41%, \$7,142,857 due in annual installments beginning in 2006 through 2012	\$ 50,000,000	\$ 50,000,000
7.87%, due June 1, 2005	-	15,000,000
8.42%, \$5,857,143 due in annual installments beginning in 2009 through 2015	41,000,000	41,000,000
4.55%, \$4,000,000 due in annual installments beginning in 2008 through 2012	20,000,000	-
4.62%, \$4,000,000 due in annual installments beginning in 2008 through 2012	20,000,000	-
9.01%, \$1,500,000 due in annual installments through 2007	3,000,000	4,500,000
9.16%, \$1,000,000 due in annual installments through 2006	1,000,000	2,000,000
Other long-term debt-		
8.10% to 8.96% promissory notes payable to bank due in monthly installments through 2017	285,191	303,215
	\$ 135,285,191	\$ 112,803,215
TOTAL LONG-TERM DEBT		
Less-Current maturities	9,662,667	2,518,024
	\$ 125,622,524	\$ 110,285,191
TOTAL LONG-TERM DEBT, NET		
	\$ 218,233,771	\$ 199,248,788
CAPITALIZATION, exclusive of short-term financing	\$ 218,233,771	\$ 199,248,788

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

Please see the enclosed general ledger reports for benefits for the years 2003, 2004, and 2005.

FOR THE 14 PERIODS ENDING 12/31/03

CO	SUBD	ACCNT	DESCRIPTION	DEBIT	CREDIT	EFF DATE	JOURNAL	BALANCE
160	0160	6049010	--HEALTH INS REIMBURSEMENTS--					BEG 0.00
			NC.SA.MA.OPER.03	316.00		01/21/04	160-SE50.A-14-04	
			OFFICE.DISTRIB.03	16,050.00		01/21/04	160-SE50.A-14-05	
			MW.W.OPER03	501.00		01/21/04	160-SE50.A-14-06	
			MW.W.OPER03	69,550.00		01/21/04	160-SE50.A-14-06	
			SE.60.WSC.DIST	2,866.70		01/22/04	160-SE60.A-14-01	
				89,283.70	0.00			NET 89,283.70
								END 89,283.70
160	0160	6049011	--EMPLOYEE INS DEDUCTIONS--					BEG 0.00
			SE.60.WSC.DIST		637.04	01/22/04	160-SE60.A-14-01	
				0.00	637.04			NET 637.04-
								END 637.04-
160	0160	6049012	--HEALTH COSTS & OTHER--					BEG 0.00
			SE.60.WSC.DIST	59.10		01/22/04	160-SE60.A-14-01	
				59.10	0.00			NET 59.10
								END 59.10
160	0160	6049015	--DENTAL INS REIMBURSEMENTS--					BEG 0.00
			SE.60.WSC.DIST	185.91		01/22/04	160-SE60.A-14-01	
				185.91	0.00			NET 185.91
								END 185.91
160	0160	6049020	--PENSION CONTRIBUTIONS--					BEG 0.00
			NC.SA.MA.OPER.03	183.00		01/21/04	160-SE50.A-14-04	
			OFFICE.DISTRIB.03	1,796.00		01/21/04	160-SE50.A-14-05	
			MW.W.OPER03	190.00		01/21/04	160-SE50.A-14-06	
			MW.W.OPER03	7,993.00		01/21/04	160-SE50.A-14-06	
			SE.60.WSC.DIST	1,229.20		01/22/04	160-SE60.A-14-01	
				11,391.20	0.00			NET 11,391.20
								END 11,391.20
160	0160	6049050	--HEALTH INS PREMIUMS--					BEG 0.00
			SE.60.WSC.DIST	489.86		01/22/04	160-SE60.A-14-01	
				489.86	0.00			NET 489.86
								END 489.86
160	0160	6049055	--DENTAL PREMIUMS--					BEG 0.00
			SE.60.WSC.DIST	23.85		01/22/04	160-SE60.A-14-01	
				23.85	0.00			NET 23.85
								END 23.85
160	0160	6049060	--TERM LIFE INS--					BEG 0.00
			SE.60.WSC.DIST	86.10		01/22/04	160-SE60.A-14-01	

FOR THE 14 PERIODS ENDING 12/31/03

CO	SUBD	ACCNT	DESCRIPTION	DEBIT	CREDIT	EFF DATE	JOURNAL	BALANCE
				86.10	0.00			NET 86.10 END 86.10
160	0160	6049065	--TERM LIFE INS - OPT-- SE.60.WSC.DIST	0.47		01/22/04	160-SE60.A-14-01	BEG 0.00
				0.47	0.00			NET 0.47 END 0.47
160	0160	6049066	--DEPEND LIFE INS-OPT-- SE.60.WSC.DIST		0.01	01/22/04	160-SE60.A-14-01	BEG 0.00
				0.00	0.01			NET 0.01- END 0.01-
160	0160	6049067	--AFLAC-- SE.60.WSC.DIST	0.21		01/22/04	160-SE60.A-14-01	BEG 0.00
				0.21	0.00			NET 0.21 END 0.21
160	0160	6049070	--401K/ESOP CONTRIBUTIONS-- NC.SA.MA.OPER.03 OFFICE.DISTRIB.03 MW.W.OPER03 MW.W.OPER03 SE.60.WSC.DIST	242.00 2,375.00 251.00 10,573.00 1,603.48		01/21/04 01/21/04 01/21/04 01/21/04 01/22/04	160-SE50.A-14-04 160-SE50.A-14-05 160-SE50.A-14-06 160-SE50.A-14-06 160-SE60.A-14-01	BEG 0.00
				15,044.48	0.00			NET 15,044.48 END 15,044.48
160	0160	6049080	--DISABILITY INSURANCE-- SE.60.WSC.DIST	40.26		01/22/04	160-SE60.A-14-01	BEG 0.00
				40.26	0.00			NET 40.26 END 40.26
160	0160	6049090	--OTHER EMP PENS & BENEFITS-- NC.SA.MA.OPER.03 OFFICE.DISTRIB.03 MW.W.OPER03 MW.W.OPER03 SE.60.WSC.DIST	21.00 1,056.00 33.00 4,576.00 57.54		01/21/04 01/21/04 01/21/04 01/21/04 01/22/04	160-SE50.A-14-04 160-SE50.A-14-05 160-SE50.A-14-06 160-SE50.A-14-06 160-SE60.A-14-01	BEG 0.00
				5,743.54	0.00			NET 5,743.54 END 5,743.54
			GRAND TOTALS:	122,348.68	637.05			BEG 0.00 NET 121,711.63 END 121,711.63

DETAIL GENERAL LEDGER - GL
REPORT SPECIFICATIONS ARE:

REPORT DESCRIPTION - DETAIL GENERAL LEDGER - GL
LEDGER ID - GL
PERIOD - 01-14

---> COMPANY
STRUCTURE - 2
SELECTION - 160
SUBTOTAL -

---> SUBDIV
STRUCTURE - 6
SELECTION - ALL
SUBTOTAL -

---> ACCOUNT
STRUCTURE - 5
SELECTION - 401.1N
SUBTOTAL -

SEGMENT - THREE PRIOR ACT
ZERO SUPPRESS - Y
SUM AUTO JOURNALS - N
SUM ALL JOURNALS - N
PAGE BREAK - N
SORT BREAK - N
PERIOD BREAK - N
EFFECTIVE RATE - N
DATE - EFFECTIVE -
SORT SEQUENCE
- 1-COMPANY
- 2-SUBDIV
- 3-ACCOUNT

FOR THE 14 PERIODS ENDING 12/31/04

CO	SUBD	ACCNT	DESCRIPTION	DEBIT	CREDIT	EFF DATE	JOURNAL	BALANCE	
160	*0160	*6049065	--TERM LIFE INS - OPT--					BEG	0.00
			SE.60.WSC.DIST	3.00		02/04/05	160-SE60.A-14-03		
				3.00	0.00			NET	3.00
								END	3.00
160	*0160	*6049067	--AFLAC--					BEG	0.00
			SE.60.WSC.DIST	1.00		02/04/05	160-SE60.A-14-03		
				1.00	0.00			NET	1.00
								END	1.00
160	*0160	*6049070	--401K/ESOP CONTRIBUTIONS--					BEG	0.00
			SE.60.WSC.DIST	1,925.00		02/04/05	160-SE60.A-14-03		
			NC.MA.OPER.04	307.00		02/05/05	160-SE50.A-14-08		
			OFFICE.DISTRIB.04	2,604.00		02/05/05	160-SE50.A-14-09		
			NC.MA.OPER.04	11,422.00		02/05/05	160-SE50.A-14-10		
				16,258.00	0.00			NET	16,258.00
								END	16,258.00
160	*0160	*6049080	--DISABILITY INSURANCE--					BEG	0.00
			SE.60.WSC.DIST	56.00		02/04/05	160-SE60.A-14-03		
				56.00	0.00			NET	56.00
								END	56.00
160	*0160	*6049090	--OTHER EMP PENS & BENEFITS--					BEG	0.00
			SE.60.WSC.DIST	105.00		02/04/05	160-SE60.A-14-03		
			NC.MA.OPER.04	26.00		02/05/05	160-SE50.A-14-08		
			OFFICE.DISTRIB.04	1,161.00		02/05/05	160-SE50.A-14-09		
			NC.MA.OPER.04	4,644.00		02/05/05	160-SE50.A-14-10		
				5,936.00	0.00			NET	5,936.00
								END	5,936.00
160	*8000	*6049010	--HEALTH INS REIMBURSEMENTS--					BEG	0.00
			nc.ma.oper.04	147.00		07/28/05	160-SE50.A-06-01		
			nc.ma.oper.04	25,992.00		07/28/05	160-SE50.A-06-01		
			office.distrib.04	6,498.00		07/28/05	160-SE50.A-06-01		
			SE.60.WSC.DIST	1,608.00		07/28/05	160-SE60.A-06-01		
			SE.60.WSC.DIST	804.00		11/28/05	160-SE60.A-09-01		
			NC.MA.OPER.04		73.50	12/09/05	160-SE50.A-09-01		
			OFFICE.DISTRIB.04		3,249.00	12/09/05	160-SE50.A-09-01		
			NC.MA.OPER.04		12,996.00	12/09/05	160-SE50.A-09-01		
			NC.MA.OPER.04	73.50		01/17/06	160-MISC.JE.2PY.A-09-01		
			OFFICE.DISTRIB.04	3,249.00		01/17/06	160-MISC.JE.2PY.A-09-01		
			NC.MA.OPER.04	12,996.00		01/17/06	160-MISC.JE.2PY.A-09-01		
			NC.MA.OPER.04		73.50	01/17/06	160-MISC.JE.2PY.A-09-01		
			OFFICE.DISTRIB.04	3,249.00		01/17/06	160-MISC.JE.2PY.A-09-01		
			NC.MA.OPER.04	12,996.00		01/17/06	160-MISC.JE.2PY.A-09-01		
			nc.ma.oper.04		147.00	07/28/05	160-SE50.A-14-12		

FOR THE 14 PERIODS ENDING 12/31/04

CO	SUBD	ACCNT	DESCRIPTION	DEBIT	CREDIT	EFF DATE	JOURNAL	BALANCE
			nc.ma.oper.04		25,992.00	07/28/05	160-SE50.A-14-12	
			office.distrib.04		6,498.00	07/28/05	160-SE50.A-14-12	
			SE.60.WSC.DIST		1,608.00	07/28/05	160-SE60.A-14-04	
			SE.60.WSC.DIST		804.00	11/28/05	160-SE60.A-14-05	
			NC.MA.OPER.04	73.50		12/09/05	160-SE50.A-14-13	
			OFFICE.DISTRIB.04	3,249.00		12/09/05	160-SE50.A-14-13	
			NC.MA.OPER.04	12,996.00		12/09/05	160-SE50.A-14-13	
			NC.MA.OPER.04		73.50	01/17/06	160-MISC.JE.2PY.A-14-01	
			OFFICE.DISTRIB.04		3,249.00	01/17/06	160-MISC.JE.2PY.A-14-01	
			NC.MA.OPER.04		12,996.00	01/17/06	160-MISC.JE.2PY.A-14-01	
			NC.MA.OPER.04		73.50	01/17/06	160-MISC.JE.2PY.A-14-01	
			OFFICE.DISTRIB.04		3,249.00	01/17/06	160-MISC.JE.2PY.A-14-01	
			NC.MA.OPER.04		12,996.00	01/17/06	160-MISC.JE.2PY.A-14-01	
				84,004.50	84,004.50			NET 0.00
								END 0.00
160*8000*6049011			--EMPLOYEE INS DEDUCTIONS--					BEG 0.00
			SE.60.WSC.DIST		475.50	07/28/05	160-SE60.A-06-01	
			SE.60.WSC.DIST		237.75	11/28/05	160-SE60.A-09-01	
			SE.60.WSC.DIST	475.50		07/28/05	160-SE60.A-14-04	
			SE.60.WSC.DIST	237.75		11/28/05	160-SE60.A-14-05	
				713.25	713.25			NET 0.00
								END 0.00
160*8000*6049012			--HEALTH COSTS & OTHER--					BEG 0.00
			SE.60.WSC.DIST	39.00		07/28/05	160-SE60.A-06-01	
			SE.60.WSC.DIST	19.50		11/28/05	160-SE60.A-09-01	
			SE.60.WSC.DIST		39.00	07/28/05	160-SE60.A-14-04	
			SE.60.WSC.DIST		19.50	11/28/05	160-SE60.A-14-05	
				58.50	58.50			NET 0.00
								END 0.00
160*8000*6049015			--DENTAL INS REIMBURSEMENTS--					BEG 0.00
			SE.60.WSC.DIST	136.00		07/28/05	160-SE60.A-06-01	
			SE.60.WSC.DIST	68.00		11/28/05	160-SE60.A-09-01	
			SE.60.WSC.DIST		136.00	07/28/05	160-SE60.A-14-04	
			SE.60.WSC.DIST		68.00	11/28/05	160-SE60.A-14-05	
				204.00	204.00			NET 0.00
								END 0.00
160*8000*6049020			--PENSION CONTRIBUTIONS--					BEG 0.00
			nc.ma.oper.04	116.00		07/28/05	160-SE50.A-06-01	
			nc.ma.oper.04	4,311.50		07/28/05	160-SE50.A-06-01	
			office.distrib.04	982.50		07/28/05	160-SE50.A-06-01	
			SE.60.WSC.DIST	731.00		07/28/05	160-SE60.A-06-01	
			SE.60.WSC.DIST	365.50		11/28/05	160-SE60.A-09-01	
			NC.MA.OPER.04		58.00	12/09/05	160-SE50.A-09-01	

FOR THE 14 PERIODS ENDING 12/31/04

CO	SUBD	ACCNT	DESCRIPTION	DEBIT	CREDIT	EFF DATE	JOURNAL	BALANCE
160	8000	6049065	--TERM LIFE INS - OPT--					BEG 0.00
			SE.60.WSC.DIST	1.50		07/28/05	160-SE60.A-06-01	
			SE.60.WSC.DIST	0.75		11/28/05	160-SE60.A-09-01	
			SE.60.WSC.DIST		1.50	07/28/05	160-SE60.A-14-04	
			SE.60.WSC.DIST		0.75	11/28/05	160-SE60.A-14-05	
				2.25	2.25			NET 0.00
								END 0.00
160	8000	6049067	--AFLAC--					BEG 0.00
			SE.60.WSC.DIST	0.50		07/28/05	160-SE60.A-06-01	
			SE.60.WSC.DIST	0.25		11/28/05	160-SE60.A-09-01	
			SE.60.WSC.DIST		0.50	07/28/05	160-SE60.A-14-04	
			SE.60.WSC.DIST		0.25	11/28/05	160-SE60.A-14-05	
				0.75	0.75			NET 0.00
								END 0.00
160	8000	6049070	--401K/ESOP CONTRIBUTIONS--					BEG 0.00
			nc.ma.oper.04	153.50		07/28/05	160-SE50.A-06-01	
			nc.ma.oper.04	5,711.00		07/28/05	160-SE50.A-06-01	
			office.distrib.04	1,302.00		07/28/05	160-SE50.A-06-01	
			SE.60.WSC.DIST	962.50		07/28/05	160-SE60.A-06-01	
			SE.60.WSC.DIST	481.25		11/28/05	160-SE60.A-09-01	
			NC.MA.OPER.04		76.75	12/09/05	160-SE50.A-09-01	
			OFFICE.DISTRIB.04		651.00	12/09/05	160-SE50.A-09-01	
			NC.MA.OPER.04		2,855.50	12/09/05	160-SE50.A-09-01	
			NC.MA.OPER.04	76.75		01/17/06	160-MISC.JE.2PY.A-09-01	
			OFFICE.DISTRIB.04	651.00		01/17/06	160-MISC.JE.2PY.A-09-01	
			NC.MA.OPER.04	2,855.50		01/17/06	160-MISC.JE.2PY.A-09-01	
			NC.MA.OPER.04	76.75		01/17/06	160-MISC.JE.2PY.A-09-01	
			OFFICE.DISTRIB.04	651.00		01/17/06	160-MISC.JE.2PY.A-09-01	
			NC.MA.OPER.04	2,855.50		01/17/06	160-MISC.JE.2PY.A-09-01	
			nc.ma.oper.04		153.50	07/28/05	160-SE50.A-14-12	
			nc.ma.oper.04		5,711.00	07/28/05	160-SE50.A-14-12	
			office.distrib.04		1,302.00	07/28/05	160-SE50.A-14-12	
			SE.60.WSC.DIST		962.50	07/28/05	160-SE60.A-14-04	
			SE.60.WSC.DIST		481.25	11/28/05	160-SE60.A-14-05	
			NC.MA.OPER.04	76.75		12/09/05	160-SE50.A-14-13	
			OFFICE.DISTRIB.04	651.00		12/09/05	160-SE50.A-14-13	
			NC.MA.OPER.04	2,855.50		12/09/05	160-SE50.A-14-13	
			NC.MA.OPER.04		76.75	01/17/06	160-MISC.JE.2PY.A-14-01	
			OFFICE.DISTRIB.04		651.00	01/17/06	160-MISC.JE.2PY.A-14-01	
			NC.MA.OPER.04		2,855.50	01/17/06	160-MISC.JE.2PY.A-14-01	
			NC.MA.OPER.04		76.75	01/17/06	160-MISC.JE.2PY.A-14-01	
			OFFICE.DISTRIB.04		651.00	01/17/06	160-MISC.JE.2PY.A-14-01	
			NC.MA.OPER.04		2,855.50	01/17/06	160-MISC.JE.2PY.A-14-01	
				19,360.00	19,360.00			NET 0.00
								END 0.00
160	8000	6049080	--DISABILITY INSURANCE--					BEG 0.00

FOR THE 14 PERIODS ENDING 12/31/04

CO	SUBD	ACCNT	DESCRIPTION	DEBIT	CREDIT	EFF DATE	JOURNAL	BALANCE
			SE.60.WSC.DIST	28.00		07/28/05	160-SE60.A-06-01	
			SE.60.WSC.DIST	14.00		11/28/05	160-SE60.A-09-01	
			SE.60.WSC.DIST		28.00	07/28/05	160-SE60.A-14-04	
			SE.60.WSC.DIST		14.00	11/28/05	160-SE60.A-14-05	
				42.00	42.00			NET 0.00
								END 0.00
160	8000	6049090	--OTHER EMP PENS & BENEFITS--					BEG 0.00
			nc.ma.oper.04	13.00		07/28/05	160-SE50.A-06-01	
			nc.ma.oper.04	2,322.00		07/28/05	160-SE50.A-06-01	
			office.distrib.04	580.50		07/28/05	160-SE50.A-06-01	
			SE.60.WSC.DIST	52.50		07/28/05	160-SE60.A-06-01	
			SE.60.WSC.DIST	26.25		11/28/05	160-SE60.A-09-01	
			NC.MA.OPER.04		6.50	12/09/05	160-SE50.A-09-01	
			OFFICE.DISTRIB.04		290.25	12/09/05	160-SE50.A-09-01	
			NC.MA.OPER.04		1,161.00	12/09/05	160-SE50.A-09-01	
			NC.MA.OPER.04	6.50		01/17/06	160-MISC.JE.2PY.A-09-01	
			OFFICE.DISTRIB.04	290.25		01/17/06	160-MISC.JE.2PY.A-09-01	
			NC.MA.OPER.04	1,161.00		01/17/06	160-MISC.JE.2PY.A-09-01	
			NC.MA.OPER.04	6.50		01/17/06	160-MISC.JE.2PY.A-09-01	
			OFFICE.DISTRIB.04	290.25		01/17/06	160-MISC.JE.2PY.A-09-01	
			NC.MA.OPER.04	1,161.00		01/17/06	160-MISC.JE.2PY.A-09-01	
			nc.ma.oper.04		13.00	07/28/05	160-SE50.A-14-12	
			nc.ma.oper.04		2,322.00	07/28/05	160-SE50.A-14-12	
			office.distrib.04		580.50	07/28/05	160-SE50.A-14-12	
			SE.60.WSC.DIST		52.50	07/28/05	160-SE60.A-14-04	
			SE.60.WSC.DIST		26.25	11/28/05	160-SE60.A-14-05	
			NC.MA.OPER.04	6.50		12/09/05	160-SE50.A-14-13	
			OFFICE.DISTRIB.04	290.25		12/09/05	160-SE50.A-14-13	
			NC.MA.OPER.04	1,161.00		12/09/05	160-SE50.A-14-13	
			NC.MA.OPER.04		6.50	01/17/06	160-MISC.JE.2PY.A-14-01	
			OFFICE.DISTRIB.04		290.25	01/17/06	160-MISC.JE.2PY.A-14-01	
			NC.MA.OPER.04		1,161.00	01/17/06	160-MISC.JE.2PY.A-14-01	
			NC.MA.OPER.04		6.50	01/17/06	160-MISC.JE.2PY.A-14-01	
			OFFICE.DISTRIB.04		290.25	01/17/06	160-MISC.JE.2PY.A-14-01	
			NC.MA.OPER.04		1,161.00	01/17/06	160-MISC.JE.2PY.A-14-01	
				7,367.50	7,367.50			NET 0.00
								END 0.00
GRAND TOTALS:				231,195.75	127,944.75			BEG 0.00
				=====	=====			NET 103,251.00
								END 103,251.00
								=====

DETAIL GENERAL LEDGER - GL
REPORT SPECIFICATIONS ARE:

REPORT DESCRIPTION - DETAIL GENERAL LEDGER - GL
LEDGER ID - GL
PERIOD - 01-14

---> COMPANY
STRUCTURE - 2
SELECTION - 160
SUBTOTAL -

---> SUBDIV
STRUCTURE - 6
SELECTION - ALL
SUBTOTAL -

---> ACCOUNT
STRUCTURE - 5
SELECTION - 401.IN
SUBTOTAL -

SEGMENT - TWO PRIOR ACT
ZERO SUPPRESS - Y
SUM AUTO JOURNALS - N
SUM ALL JOURNALS - N
PAGE BREAK - N
SORT BREAK - N
PERIOD BREAK - N
EFFECTIVE RATE - N
DATE - EFFECTIVE .
SORT SEQUENCE
- 1-COMPANY
- 2-SUBDIV
- 3-ACCOUNT

FOR THE 14 PERIODS ENDING 12/31/05

CO	SUBD	ACCNT	DESCRIPTION	DEBIT	CREDIT	EFF DATE	JOURNAL	BALANCE
160	8000	6049000	--EMP PENSIONS & BENEFITS--					BEG 0.00
			SE.60.WSC.DIST	4,043.00		01/30/06	160-SE60.A-14-07	
				4,043.00	0.00			NET 4,043.00
								END 4,043.00
160	8000	6049010	--HEALTH INS REIMBURSEMENTS--					BEG 0.00
			OFFICE.DISTRIB.0605	7,842.00		07/26/05	160-SE50.CYA-06-01	
			NC.MA.OPER.0605	177.00		07/26/05	160-SE50.CYA-06-02	
			NC.MA.OPER.0605	31,368.00		07/26/05	160-SE50.CYA-06-02	
			SE.60.WSC.DIST	1,856.00		07/27/05	160-SE60.CYA-06-01	
			NC.MA.OPER.0905	11,341.00		11/07/05	160-SE50.CYA-09-01	
			OFFICE.DISTRIB.0905	4,124.00		11/07/05	160-SE50.CYA-09-01	
			NC.MA.OPER.0905	71.00		11/07/05	160-SE50.CYA-09-01	
			SE.60.WSC.DIST	1,784.00		11/09/05	160-SE60.CYA-09-01	
			NC.MA.OPER.1205	82.00		01/27/06	160-SE50.A-14-15	
			NC.MA.OPER.1205	13,024.00		01/27/06	160-SE50.A-14-15	
			OFFICE.DISTRIB.1205	4,736.00		01/27/06	160-SE50.A-14-15	
			SE.60.WSC.DIST	2,020.00		01/27/06	160-SE60.A-14-06	
			SE.60.WSC.DIST		601.00	01/31/06	160-SE60.A-14-08	
				78,425.00	601.00			NET 77,824.00
								END 77,824.00
160	8000	6049011	--EMPLOYEE INS DEDUCTIONS--					BEG 0.00
			SE.60.WSC.DIST		514.00	07/27/05	160-SE60.CYA-06-01	
			SE.60.WSC.DIST		549.00	11/09/05	160-SE60.CYA-09-01	
			SE.60.WSC.DIST		1,049.00	01/27/06	160-SE60.A-14-06	
			SE.60.WSC.DIST	312.00		01/31/06	160-SE60.A-14-08	
				312.00	2,112.00			NET 1,800.00
								END 1,800.00
160	8000	6049012	--HEALTH COSTS & OTHER--					BEG 0.00
			SE.60.WSC.DIST	46.00		07/27/05	160-SE60.CYA-06-01	
			SE.60.WSC.DIST	42.00		11/09/05	160-SE60.CYA-09-01	
			SE.60.WSC.DIST	141.00		01/27/06	160-SE60.A-14-06	
			SE.60.WSC.DIST		42.00	01/31/06	160-SE60.A-14-08	
				229.00	42.00			NET 187.00
								END 187.00
160	8000	6049015	--DENTAL INS REIMBURSEMENTS--					BEG 0.00
			SE.60.WSC.DIST	148.00		07/27/05	160-SE60.CYA-06-01	
			SE.60.WSC.DIST	188.00		11/09/05	160-SE60.CYA-09-01	
			SE.60.WSC.DIST	369.00		01/27/06	160-SE60.A-14-06	
			SE.60.WSC.DIST		110.00	01/31/06	160-SE60.A-14-08	
				705.00	110.00			NET 595.00
								END 595.00
160	8000	6049020	--PENSION CONTRIBUTIONS--					BEG 0.00

FOR THE 14 PERIODS ENDING 12/31/05

CO	SUBD	ACCNT	DESCRIPTION	DEBIT	CREDIT	EFF DATE	JOURNAL	BALANCE	
			OFFICE.DISTRIB.0605	1,155.00		07/26/05	160-SE50.CYA-06-01		
			NC.MA.OPER.0605	119.00		07/26/05	160-SE50.CYA-06-02		
			NC.MA.OPER.0605	4,925.00		07/26/05	160-SE50.CYA-06-02		
			SE.60.WSC.DIST	538.00		07/27/05	160-SE60.CYA-06-01		
			NC.MA.OPER.0905	2,125.00		11/07/05	160-SE50.CYA-09-01		
			OFFICE.DISTRIB.0905	548.00		11/07/05	160-SE50.CYA-09-01		
			NC.MA.OPER.0905	53.00		11/07/05	160-SE50.CYA-09-01		
			SE.60.WSC.DIST	388.00		11/09/05	160-SE60.CYA-09-01		
			NC.MA.OPER.1205	68.00		01/27/06	160-SE50.A-14-15		
			NC.MA.OPER.1205	2,597.00		01/27/06	160-SE50.A-14-15		
			OFFICE.DISTRIB.1205	474.00		01/27/06	160-SE50.A-14-15		
			SE.60.WSC.DIST	637.00		01/27/06	160-SE60.A-14-06		
				13,627.00	0.00				
							NET	13,627.00	
							END	13,627.00	
160	8000	6049050	--HEALTH INS PREMIUMS--					BEG	0.00
			SE.60.WSC.DIST	259.00		07/27/05	160-SE60.CYA-06-01		
			SE.60.WSC.DIST	358.00		11/09/05	160-SE60.CYA-09-01		
			SE.60.WSC.DIST	709.00		01/27/06	160-SE60.A-14-06		
			SE.60.WSC.DIST		211.00	01/31/06	160-SE60.A-14-08		
				1,326.00	211.00				
							NET	1,115.00	
							END	1,115.00	
160	8000	6049055	--DENTAL PREMIUMS--					BEG	0.00
			SE.60.WSC.DIST	30.00		07/27/05	160-SE60.CYA-06-01		
			SE.60.WSC.DIST	27.00		11/09/05	160-SE60.CYA-09-01		
			SE.60.WSC.DIST	52.00		01/27/06	160-SE60.A-14-06		
			SE.60.WSC.DIST		16.00	01/31/06	160-SE60.A-14-08		
				109.00	16.00				
							NET	93.00	
							END	93.00	
160	8000	6049060	--TERM LIFE INS--					BEG	0.00
			SE.60.WSC.DIST	56.00		07/27/05	160-SE60.CYA-06-01		
			SE.60.WSC.DIST	76.00		11/09/05	160-SE60.CYA-09-01		
			SE.60.WSC.DIST	138.00		01/27/06	160-SE60.A-14-06		
			SE.60.WSC.DIST		23.00	01/31/06	160-SE60.A-14-08		
				270.00	23.00				
							NET	247.00	
							END	247.00	
160	8000	6049065	--TERM LIFE INS - OPT--					BEG	0.00
			SE.60.WSC.DIST		1.00	07/27/05	160-SE60.CYA-06-01		
			SE.60.WSC.DIST	2.00		11/09/05	160-SE60.CYA-09-01		
			SE.60.WSC.DIST	4.00		01/27/06	160-SE60.A-14-06		
			SE.60.WSC.DIST		1.00	01/31/06	160-SE60.A-14-08		
				6.00	2.00				
							NET	4.00	
							END	4.00	

DETAIL GENERAL LEDGER - GL
REPORT SPECIFICATIONS ARE:

REPORT DESCRIPTION - DETAIL GENERAL LEDGER - GL
LEDGER ID - GL
PERIOD - 01-14

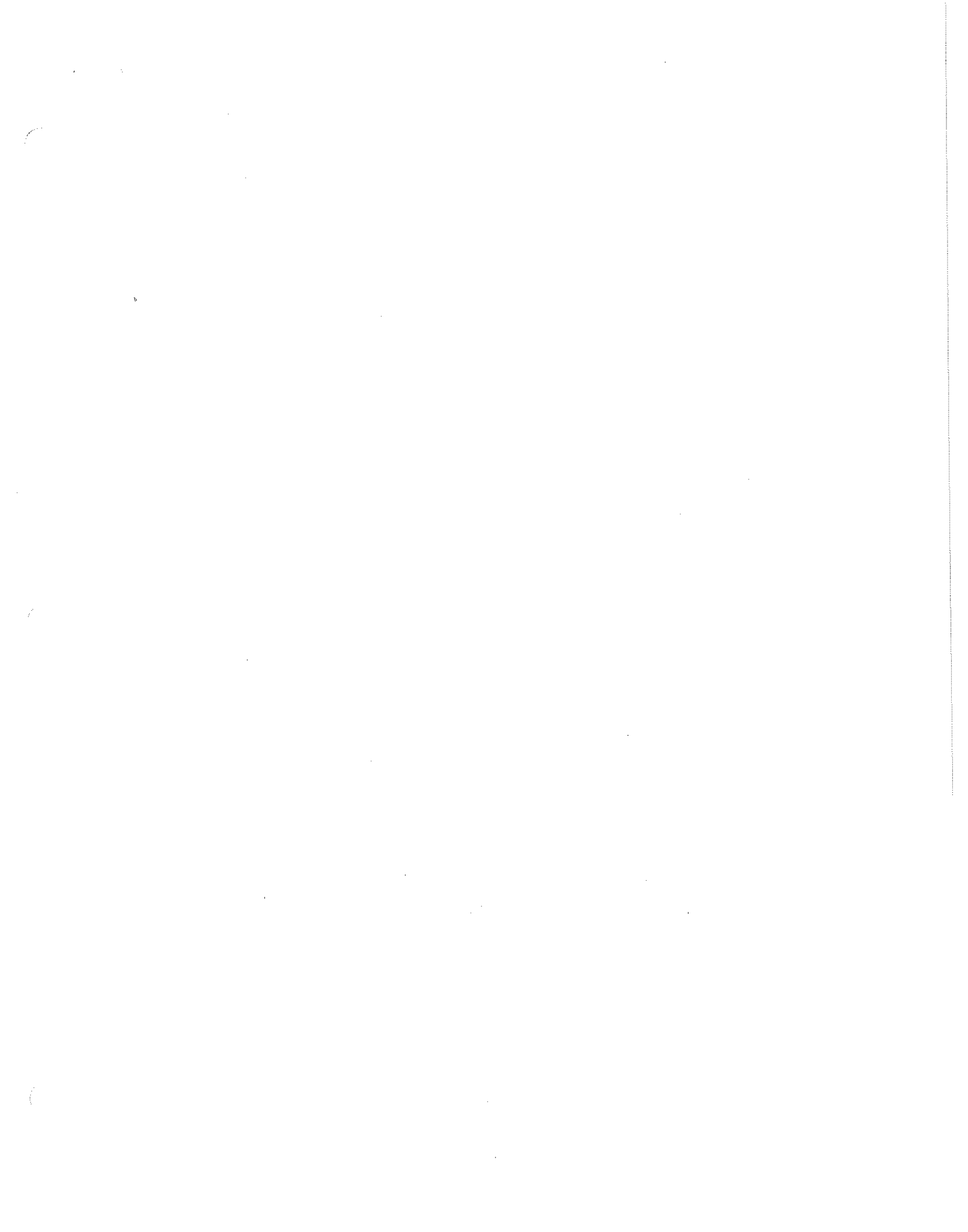
---> COMPANY
STRUCTURE - 2
SELECTION - 160
SUBTOTAL -

---> SUBDIV
STRUCTURE - 6
SELECTION - ALL
SUBTOTAL -

---> ACCOUNT
STRUCTURE - 5
SELECTION - 401.1N
SUBTOTAL -

SEGMENT - PRIOR YR ACT
ZERO SUPPRESS - Y
SUM AUTO JOURNALS - N
SUM ALL JOURNALS - N
PAGE BREAK - N
SORT BREAK - N
PERIOD BREAK - N
EFFECTIVE RATE - N
DATE - EFFECTIVE
SORT SEQUENCE
- 1-COMPANY
- 2-SUBDIV
- 3-ACCOUNT

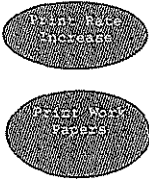
The service contract will be sent as soon as possible. A new service contract is being executed.



Please see the enclosed documents. The rates are designed so that the average 3/4" or 5/8" ratepayer has 40% of their bill coming from the base facility charge, and 60% of their bill coming from the usage. The rates are increased/decreased using an increase factor to create this scenario. In the enclosed documents, for the average 5/8" or 3/4" residential customer, approximately 4,350 gallons are used per month. Based on our 40%/60% split, a customer using 4,350 gallons a month would pay a bill of \$15.43. Based on industry standards, after the 3/4" and 5/8" customers are set, rates for larger meter sizes are the following:

- 1" – 2.5 times the base rate
- 1 1/2" – 5 times the base rate
- 2" – 8 times the base rate
- 3" – 15 times the base rate
- 4" – 25 times the base rate
- 6" – 50 times the base rate

CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA
DERIVATION OF PROPOSED RATES



Does Balance Sheet balance?	YES
Does Plant by categories (Sch C) tie to per books Gross Plant in Service?	YES
Does MTP tie to current IS?	YES

	ROR	Water
Present	Rate Base	3.13%
	Equity	-0.34%
Proposed	Rate Base	9.12%
	Equity	11.45%

	Operating Margin	Water
Proposed		11.91%

	Revenues	Water	% Increase
Present	\$ 1,371,669		
Proposed	\$ 2,197,092		60.18%

	Rates	Water
Present	16001 - 5/8" residential city w/ school tax - Middlesboro	
	16011 - 5/8" commercial city w/ school tax and KY state sales tax - Middlesboro	
	16012 - 3/4" commercial city w/ school tax and KY state sales tax - Middlesboro	
	16031 - 5/8" residential county w/ school tax - Middlesboro	
	16041 - 5/8" commercial county w/ school tax and KY state sales tax - Middlesboro	
	16071 - 5/8" industrial city w/ school tax and KY state sales tax - Middlesboro	
	16081 - 5/8" commercial city w/ school tax - Middlesboro	
	16091 - 5/8" government city w/ school tax - Middlesboro	
	First 1,000 (minimum 1,000)	\$ 5.60
	Next 9,000	\$ 2.25
	Next 15,000	\$ 2.05
Present	16003 - 1" residential city w/ school tax - Middlesboro	
	16013 - 1" commercial city w/ school tax and KY state sales tax - Middlesboro	
	16033 - 1" residential county w/ school tax - Middlesboro	
	16043 - 1" commercial county w/ school tax and KY state sales tax - Middlesboro	
	16073 - 1" industrial city w/ school tax and KY state sales tax - Middlesboro	
	16082 - 1" commercial city w/ school tax - Middlesboro	
	16092 - 1" government city w/ school tax - Middlesboro	
	First 6,000 (minimum charge)	\$ 16.85
	Next 4,000	\$ 2.25
	Next 15,000	\$ 2.05
	Next 25,000	\$ 1.95
Present	16015 - 1 1/2" commercial city w/ school tax and KY state sales tax - Middlesboro	
	16045 - 1 1/2" commercial county w/ school tax and KY state sales tax - Middlesboro	
	16075 - 1 1/2" industrial city w/ school tax and KY state sales tax - Middlesboro	
	16093 - 1 1/2" government city w/ school tax - Middlesboro	
	First 13,000 (minimum charge)	\$ 32.00
	Next 12,000	\$ 2.05
Present	16016 - 2" commercial city w/ school tax and KY state sales tax - Middlesboro	
	16076 - 2" industrial city w/ school tax and KY state sales tax - Middlesboro	
	16083 - 2" commercial city w/ school tax - Middlesboro	
	16094 - 2" government city w/ school tax - Middlesboro	
	First 21,400 (minimum charge)	\$ 49.22
	Next 3,600	\$ 2.05
Present	16017 - 3" commercial city w/ school tax and KY state sales tax - Middlesboro	
	16077 - 3" industrial city w/ school tax and KY state sales tax - Middlesboro	
	16090 - 3" commercial Pineville w/ school tax - Middlesboro	
	16095 - 3" government city w/ school tax - Middlesboro	
	First 68,400 (minimum charge)	\$ 137.55
	Next 31,600	\$ 1.75
Present	16018 - 4" commercial city w/ school tax and KY state sales tax - Middlesboro	
	16078 - 4" industrial city w/ school tax and KY state sales tax - Middlesboro	
	16096 - 4" government city w/ school tax - Middlesboro	
First 127,500 gallons (minimum charge)	\$ 236.85	
Over 127,500 gallons	\$ 1.60	
Present	16019 - 6" commercial city w/ school tax and KY state sales tax - Middlesboro	
	16079 - 6" industrial city w/ school tax and KY state sales tax - Middlesboro	
	First 281,500 (minimum charge)	\$ 483.25
Over 281,500	\$ 1.60	
Present	16010 - Industrial city special w/ school tax and KY state sales tax (\$75.00/month) - Middlesboro	\$ 98.44
Present	16037 - Commercial city sprinkler - Middlesboro	\$ 15.00
Present	16039 - Industrial city sprinkler - Middlesboro	\$ 15.00
Present	16040 - Commercial city special - Middlesboro	\$ 30.00
Present	16050 - Commercial county special - Middlesboro	\$ 45.00
Present	16055 - Commercial county special - Middlesboro	\$ 315.00
Present	16056 - Government city special - Middlesboro	\$ 30.00
Present	16058 - Government city special - Middlesboro	\$ 105.00
Present	16060 - Commercial city special - Middlesboro	\$ 45.00
Present	16070 - Commercial city special - Middlesboro	\$ 60.00
Present	16088 - Industrial city sprinkler - Middlesboro	\$ 60.00
Present	16089 - Industrial city special - Middlesboro	\$ 75.00
Present	16098 - Government city hydrant - Middlesboro	\$ 3.33

CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA
 DERIVATION OF PROPOSED RATES

Present	16204 - 5/8" commercial w/ school tax and KY state sales tax - Clinton	
	16205 - 5/8" residential w/ school tax - Clinton	
	16206 - 5/8" public authority w/ school tax - Clinton	
	16214 - 3/4" commercial w/ school tax and KY state sales tax - Clinton	
	16234 - 3/4" commercial out of city w/ school tax and KY state sales tax - Clinton	
	16235 - 5/8" residential w/ school tax - Clinton	
	16236 - 3/4" public authority out of city w/ school tax - Clinton	
	16242 - 3/4" commercial w/ school tax - Clinton	
	16246 - 3/4" public authority w/ school tax - Clinton	
	16263 - 3/4" residential w/ school tax and KY state sales tax - Clinton	
	16265 - 3/4" residential out of city w/ school tax - Clinton	
	16272 - 3/4" multi commercial w/ school tax - Clinton	
	16287 - 5/8" multi commercial w/ school tax and KY state sales tax - Clinton	
	16297 - 3/4" multi commercial w/ school tax and KY state sales tax - Clinton	
	First 1,000 (minimum charge)	\$ 7.50
Next 9,000	\$ 4.25	
Next 15,000	\$ 3.90	
Next 25,000	\$ 3.55	
Next 50,000	\$ 3.15	
Over 100,000	\$ 2.75	
Present	16208 - 1" public authority w/ school tax - Clinton	
	16230 - 1" commercial out of city w/ school tax and KY state sales tax - Clinton	
	16244 - 1" commercial w/ school tax and KY state sales tax - Clinton	
	16247 - 1" multi residential w/ school tax and KY state sales tax - Clinton	
	First 5,300 (minimum charge)	\$ 25.78
	Next 3,700	\$ 4.25
	Next 15,000	\$ 3.90
Next 25,000	\$ 3.55	
Next 50,000	\$ 3.15	
Over 100,000	\$ 2.75	
Present	16238 - 1 1/2" public authority w/ school tax - Clinton	
	16252 - 1 1/2" industrial city w/ school tax and KY state sales tax - Clinton	
	16254 - 1 1/2" commercial w/ school tax and KY state sales tax - Clinton	
	First 11,200 (minimum)	\$ 50.43
	Next 13,800	\$ 3.90
	Next 25,000	\$ 3.55
Next 50,000	\$ 3.15	
Over 100,000	\$ 2.75	
Present	16248 - 2" public authority w/ school tax - Clinton	
	16257 - 2" multi residential w/ school tax and KY state sales tax - Clinton	
	16262 - 2" industrial w/ school tax and KY state sales tax - Clinton	
	16264 - 2" commercial w/ school tax and KY state sales tax - Clinton	
	First 17,600 (minimum)	\$ 75.39
	Next 7,400	\$ 3.90
Next 25,000	\$ 3.55	
Next 50,000	\$ 3.15	
Over 100,000	\$ 2.75	

CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA
DERIVATION OF PROPOSED RATES

Increase Factors	Present	Proposed	% Increase
	16280 - 6" commercial w/ school tax and KY state sales tax - Clinton		
	First 250,500 (minimum)	\$ 764.38	
	Over 250,500	\$ 2.75	
	16285 - Hydrant - private - Clinton	\$ 7.50	
	16286 - 5/8" sprinkler - private - Clinton	\$ 15.00	
	16299 - Hydrant - municipal - Clinton	\$ 3.33	
1.14338	16001 - 5/8" residential city w/ school tax - Middlesboro	\$ 6.40	N/A
1.14338	16011 - 5/8" commercial city w/ school tax and KY state sales tax - Middlesboro	6.40	N/A
1.14338	16012 - 3/4" commercial city w/ school tax and KY state sales tax - Middlesboro	6.40	N/A
1.14338	16031 - 5/8" residential county w/ school tax - Middlesboro	6.40	N/A
1.14338	16041 - 5/8" commercial county w/ school tax and KY state sales tax - Middlesboro	6.40	N/A
1.14338	16071 - 5/8" industrial city w/ school tax and KY state sales tax - Middlesboro	6.40	N/A
1.14338	16081 - 5/8" commercial city w/ school tax - Middlesboro	6.40	N/A
1.14338	16091 - 5/8" government city w/ school tax - Middlesboro	6.40	N/A
1.35418	Proposed Gallonage Charge	Gallon (per 1,000 gallons)	\$ 2.17
2.50000	Proposed Base	16003 - 1" residential city w/ school tax - Middlesboro	\$ 16.01
2.50000	Proposed Base	16013 - 1" commercial city w/ school tax and KY state sales tax - Middlesboro	16.01
2.50000	Proposed Base	16033 - 1" residential county w/ school tax - Middlesboro	16.01
2.50000	Proposed Base	16043 - 1" commercial county w/ school tax and KY state sales tax - Middlesboro	16.01
2.50000	Proposed Base	16073 - 1" industrial city w/ school tax and KY state sales tax - Middlesboro	16.01
2.50000	Proposed Base	16082 - 1" commercial city w/ school tax - Middlesboro	16.01
2.50000	Proposed Base	16092 - 1" government city w/ school tax - Middlesboro	16.01
1.35418	Proposed Gallonage Charge	Gallon (per 1,000 gallons)	\$ 2.17
5.00000	Proposed Base	16015 - 1 1/2" commercial city w/ school tax and KY state sales tax - Middlesboro	\$ 32.01
5.00000	Proposed Base	16045 - 1 1/2" commercial county w/ school tax and KY state sales tax - Middlesboro	32.01
5.00000	Proposed Base	16075 - 1 1/2" industrial city w/ school tax and KY state sales tax - Middlesboro	32.01
5.00000	Proposed Base	16093 - 1 1/2" government city w/ school tax - Middlesboro	32.01
1.35418	Proposed Gallonage Charge	Gallon (per 1,000 gallons)	\$ 2.17
8.00000	Proposed Base	16016 - 2" commercial city w/ school tax and KY state sales tax - Middlesboro	\$ 51.22
8.00000	Proposed Base	16076 - 2" industrial city w/ school tax and KY state sales tax - Middlesboro	51.22
8.00000	Proposed Base	16083 - 2" commercial city w/ school tax - Middlesboro	51.22
8.00000	Proposed Base	16094 - 2" government city w/ school tax - Middlesboro	51.22
1.35418	Proposed Gallonage Charge	Gallon (per 1,000 gallons)	\$ 2.17
15.00000	Proposed Base	16017 - 3" commercial city w/ school tax and KY state sales tax - Middlesboro	\$ 96.04
15.00000	Proposed Base	16077 - 3" industrial city w/ school tax and KY state sales tax - Middlesboro	96.04
15.00000	Proposed Base	16090 - 3" commercial Pineville w/ school tax - Middlesboro	96.04
15.00000	Proposed Base	16095 - 3" government city w/ school tax - Middlesboro	96.04
1.35418	Proposed Gallonage Charge	Gallon (per 1,000 gallons)	\$ 2.17
25.00000	Proposed Base	16018 - 4" commercial city w/ school tax and KY state sales tax - Middlesboro	\$ 160.07
25.00000	Proposed Base	16078 - 4" industrial city w/ school tax and KY state sales tax - Middlesboro	160.07
25.00000	Proposed Base	16096 - 4" government city w/ school tax - Middlesboro	160.07
1.35418	Proposed Gallonage Charge	Gallon (per 1,000 gallons)	\$ 2.17
50.00000	Proposed Base	16019 - 6" commercial city w/ school tax and KY state sales tax - Middlesboro	\$ 320.15
50.00000	Proposed Base	16079 - 6" industrial city w/ school tax and KY state sales tax - Middlesboro	320.15
1.35418	Proposed Gallonage Charge	Gallon (per 1,000 gallons)	\$ 2.17
1.25000	Proposed	16010 - Industrial city special w/ school tax and KY state sales tax - Middlesboro	\$ 123.05
1.25000	Proposed	16037 - Commercial city sprinkler - Middlesboro	\$ 18.75
1.25000	Proposed	16039 - Industrial city sprinkler - Middlesboro	\$ 18.75
1.25000	Proposed	16040 - Commercial city special - Middlesboro	\$ 37.50
1.25000	Proposed	16050 - Commercial county special - Middlesboro	\$ 56.25
1.25000	Proposed	16055 - Commercial county special - Middlesboro	\$ 393.75
1.25000	Proposed	16056 - Government city special - Middlesboro	\$ 37.50
1.25000	Proposed	16058 - Government city special - Middlesboro	\$ 131.25
1.25000	Proposed	16060 - Commercial city special - Middlesboro	\$ 56.25
1.25000	Proposed	16070 - Commercial city special - Middlesboro	\$ 75.00
1.25000	Proposed	16088 - Industrial city sprinkler - Middlesboro	\$ 75.00
1.25000	Proposed	16089 - Industrial city special - Middlesboro	\$ 93.75
1.25000	Proposed	16098 - Government city hydrant - Middlesboro	\$ 4.16
Same as other subs	Proposed	16204 - 5/8" commercial w/ school tax and KY state sales tax - Clinton	\$ 6.40
Same as other subs	Proposed	16205 - 5/8" residential w/ school tax - Clinton	\$ 6.40
Same as other subs	Proposed	16206 - 5/8" public authority w/ school tax - Clinton	\$ 6.40
Same as other subs	Proposed	16214 - 3/4" commercial w/ school tax and KY state sales tax - Clinton	\$ 6.40
Same as other subs	Proposed	16234 - 3/4" commercial out of city w/ school tax and KY state sales tax - Clinton	\$ 6.40
Same as other subs	Proposed	16235 - 5/8" residential w/ school tax - Clinton	\$ 6.40
Same as other subs	Proposed	16236 - 3/4" public authority out of city w/ school tax - Clinton	\$ 6.40
Same as other subs	Proposed	16242 - 3/4" commercial w/ school tax - Clinton	\$ 6.40
Same as other subs	Proposed	16246 - 3/4" public authority w/ school tax - Clinton	\$ 6.40
Same as other subs	Proposed	16263 - 3/4" residential w/ school tax and KY state sales tax - Clinton	\$ 6.40
Same as other subs	Proposed	16265 - 3/4" residential out of city w/ school tax - Clinton	\$ 6.40
Same as other subs	Proposed	16272 - 3/4" multi commercial w/ school tax - Clinton	\$ 6.40
Same as other subs	Proposed	16287 - 5/8" multi commercial w/ school tax and KY state sales tax - Clinton	\$ 6.40
Same as other subs	Proposed	16297 - 3/4" multi commercial w/ school tax and KY state sales tax - Clinton	\$ 6.40
Same as other subs	Proposed Gallonage Charge	Gallon (per 1,000 gallons)	\$ 2.17
Same as other subs	Proposed Base	16208 - 1" public authority w/ school tax - Clinton	\$ 16.01
Same as other subs	Proposed Base	16230 - 1" commercial out of city w/ school tax and KY state sales tax - Clinton	\$ 16.01
Same as other subs	Proposed Base	16244 - 1" commercial w/ school tax and KY state sales tax - Clinton	\$ 16.01
Same as other subs	Proposed Base	16247 - 1" multi residential w/ school tax and KY state sales tax - Clinton	\$ 16.01

CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA
 DERIVATION OF PROPOSED RATES

Same as other subs	Proposed Gallonage Charge	Gallon (per 1,000 gallons)	\$ 2.17
Same as other subs	Proposed Base Facility Charge	16238 - 1 1/2" public authority w/ school tax - Clinton	\$ 32.01
Same as other subs	Proposed Base Facility Charge	16252 - 1 1/2" industrial city w/ school tax and KY state sales tax - Clinton	\$ 32.01
Same as other subs	Proposed Base Facility Charge	16254 - 1 1/2" commercial w/ school tax and KY state sales tax - Clinton	\$ 32.01
Same as other subs	Proposed Gallonage Charge	Gallon (per 1,000 gallons)	\$ 2.17
Same as other subs	Proposed Base Facility Charge	16248 - 2" public authority w/ school tax - Clinton	\$ 51.22
Same as other subs	Proposed Base Facility Charge	16257 - 2" multi residential w/ school tax and KY state sales tax - Clinton	\$ 51.22
Same as other subs	Proposed Base Facility Charge	16262 - 2" industrial w/ school tax and KY state sales tax - Clinton	\$ 51.22
Same as other subs	Proposed Base Facility Charge	16264 - 2" commercial w/ school tax and KY state sales tax - Clinton	\$ 51.22
Same as other subs	Proposed Gallonage Charge	Gallon (per 1,000 gallons)	\$ 2.17
Same as other subs	Proposed Base Facility Charge	16280 - 6" commercial w/ school tax and KY state sales tax - Clinton	\$ 320.15
Same as other subs	Proposed Gallonage Charge	Gallons (per 1,000 gallons)	\$ 2.17
1.25000	Proposed	16285 - Hydrant - private - Clinton	\$ 9.38
1.25000	Proposed	16286 - 5/8" sprinkler - private - Clinton	\$ 18.75
1.25000	Proposed	16289 - Hydrant - municipal - Clinton	\$ 4.17

WATER SERVICE CORPORATION OF KENTUCKY
Average Bill

		<u>Rate</u>	<u>Average Usage</u>	<u>Average Bill</u>
Present:	5/8" meters - Middlesboro		4,350	\$ 13.14
	First 1,000 (minimum 1,000)	\$ 5.60		
	Next 9,000	2.25		
	Next 15,000	2.05		
	Next 25,000	1.95		
	Next 50,000	1.75		
	Over 100,000	1.60		
Present:	1" meters - Middlesboro		17,573	\$ 41.37
	First 6,000 (minimum charge)	\$ 16.85		
	Next 4,000	2.25		
	Next 15,000	2.05		
	Next 25,000	1.95		
	Next 50,000	1.75		
	Over 100,000	1.60		
Present:	1 1/2" meters - Middlesboro		47,432	\$ 100.34
	First 13,000 (minimum charge)	\$ 32.00		
	Next 12,000	2.05		
	Next 25,000	1.95		
	Next 50,000	1.75		
	Over 100,000	1.60		
Present:	2" meters - Middlesboro		75,575	\$ 150.11
	First 21,400 (minimum charge)	\$ 49.22		
	Next 3,600	2.05		
	Next 25,000	1.95		
	Next 50,000	1.75		
	Over 100,000	1.60		
Present:	3" meters - Middlesboro		218,986	\$ 383.23
	First 68,400 (minimum charge)	\$ 137.55		
	Next 31,600	1.75		
	Over 100,000	1.60		
Present:	4" meters - Middlesboro		112,078	\$ 236.85
	First 127,500 gallons (minimum charge)	\$ 236.85		
	Over 127,500 gallons	1.60		
Present:	6" meters - Middlesboro		13,124,458	\$ 21,031.98
	First 281,500 (minimum charge)	\$ 483.25		
	Over 281,500	1.60		
Present:	16010 - Industrial city special w/ school tax and KY state sales tax - Middlesboro (flat rate)	\$ 98.44	-	\$ 98.44
Present:	16037 - Commercial city sprinkler - Middlesboro (flat rate)	\$ 15.00	-	\$ 15.00
Present:	16039 - Industrial city sprinkler - Middlesboro (flat rate)	\$ 15.00	-	\$ 15.00
Present:	16040 - Commercial city special - Middlesboro (flat rate)	\$ 30.00	-	\$ 30.00
Present:	16050 - Commercial county special - Middlesboro (flat rate)	\$ 45.00	-	\$ 45.00
Present:	16055 - Commercial county special - Middlesboro (flat rate)	\$ 315.00	-	\$ 315.00
Present:	16056 - Government city special - Middlesboro (flat rate)	\$ 30.00	-	\$ 30.00
Present:	16058 - Government city special - Middlesboro (flat rate)	\$ 105.00	-	\$ 105.00
Present:	16060 - Commercial city special - Middlesboro (flat rate)	\$ 45.00	-	\$ 45.00
Present:	16070 - Commercial city special - Middlesboro (flat rate)	\$ 60.00	-	\$ 60.00
Present:	16088 - Industrial city sprinkler - Middlesboro (flat rate)	\$ 60.00	-	\$ 60.00
Present:	16089 - Industrial city special - Middlesboro (flat rate)	\$ 75.00	-	\$ 75.00
Present:	16098 - Government city hydrant (per hydrant) - Middlesboro (flat rate)	\$ 3.33	-	\$ 3.33

WATER SERVICE CORPORATION OF KENTUCKY
Average Bill

		Rate	Average Usage	Average Bill
Present:	5/8" and 3/4" meters - Clinton		4,350	\$ 21.74
	First 1,000 (minimum charge)	\$ 7.50		
	Next 9,000	4.25		
	Next 15,000	3.90		
	Next 25,000	3.55		
	Next 50,000	3.15		
	Over 100,000	2.75		
Present:	1" meters - Clinton		17,573	\$ 74.94
	First 5,300 (minimum charge)	\$ 25.78		
	Next 3,700	4.25		
	Next 15,000	3.90		
	Next 25,000	3.55		
	Next 50,000	3.15		
	Over 100,000	2.75		
Present:	1 1/2" meters - Clinton		47,432	\$ 183.88
	First 11,200 (minimum)	\$ 50.43		
	Next 13,800	3.90		
	Next 25,000	3.55		
	Next 50,000	3.15		
	Over 100,000	2.75		
Present:	2" meters - Clinton		75,575	\$ 273.56
	First 17,600 (minimum)	\$ 75.39		
	Next 7,400	3.90		
	Next 25,000	3.55		
	Next 50,000	3.15		
	Over 100,000	2.75		
Present:	6" meters - Clinton		13,124,458	\$ 36,167.76
	First 250,500 (minimum)	\$ 764.38		
	Over 250,500	2.75		
Present:	16285 - Hydrant - private (\$7.50/month) - Clinton (flat rate)	\$ 7.50	-	\$ 7.50
Present:	16286 - 5/8" sprinkler - private (\$15.00/month) - Clinton (flat rate)	\$ 15.00	-	\$ 15.00
Present:	16299 - Hydrant - municipal (\$3.3334/hydrant/month) - Clinton (flat rate)	\$ 3.33	-	\$ 3.33

Average Bill	Average Usage	Rate			
\$ 15.83	4,350	6.40	Base Charge:	2.17	Proposed: 5/8" meters
\$ 54.08	17,573	16.01	Base Charge:	2.17	Proposed: 1" meters
\$ 134.79	47,432	32.01	Base Charge:	2.17	Proposed: 1 1/2" meters
\$ 214.97	75,575	51.22	Base Charge:	2.17	Proposed: 2" meters
\$ 570.52	218,986	96.04	Base Charge:	2.17	Proposed: 3" meters
\$ 402.91	112,078	160.07	Base Charge:	2.17	Proposed: 4" meters
\$ 28,756.70	13,124,458	320.15	Base Charge:	2.17	Proposed: 6" meters
\$ 123.05	-	\$ 123.05			Proposed: 1610 - Industrial city special w/ school tax and KY state sales tax - Middlesboro (flat rate)
\$ 18.75	-	\$ 18.75			Proposed: 16037 - Commercial city sprinkler - Middlesboro (flat rate)
\$ 18.75	-	\$ 18.75			Proposed: 16039 - Industrial city sprinkler - Middlesboro (flat rate)
\$ 37.50	-	\$ 37.50			Proposed: 16040 - Commercial city special - Middlesboro (flat rate)
\$ 56.25	-	\$ 56.25			Proposed: 16050 - Commercial county special - Middlesboro (flat rate)
\$ 393.75	-	\$ 393.75			Proposed: 16055 - Commercial county special - Middlesboro (flat rate)
\$ 37.50	-	\$ 37.50			Proposed: 16056 - Government city special - Middlesboro (flat rate)
\$ 131.25	-	\$ 131.25			Proposed: 16058 - Government city special - Middlesboro (flat rate)
\$ 56.25	-	\$ 56.25			Proposed: 16060 - Commercial city special - Middlesboro (flat rate)
\$ 75.00	-	\$ 75.00			Proposed: 16070 - Commercial city special - Middlesboro (flat rate)
\$ 75.00	-	\$ 75.00			Proposed: 16088 - Industrial city sprinkler - Middlesboro (flat rate)
\$ 93.75	-	\$ 93.75			Proposed: 16089 - Industrial city special - Middlesboro (flat rate)
\$ 4.16	-	\$ 4.16			Proposed: 16098 - Government city hydrant (per hydrant) - Middlesboro (flat rate)
\$ 9.38	-	\$ 9.38			Proposed: 16285 - Hydrant - private (\$9.38/month) - Clinton (flat rate)
\$ 18.75	-	\$ 18.75			Proposed: 16286 - 5/8" sprinkler - private (\$18.75/month) - Clinton (flat rate)
\$ 4.17	-	\$ 4.17			Proposed: 16299 - Hydrant - municipal (\$4.17/hydrant/month) - Clinton (flat rate)