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COMMISSION

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July 12, 2006

Beth O'Donnell  
Executive Director  
Public Service Commission  
211 Sower Blvd.  
Frankfort, KY 40601

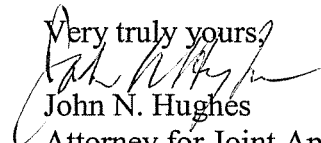
Re: Case No. 2006-00123

Dear Beth:

Please file the response of Mountain Water District to the Commission's Order of July 5, 2006, Item 4. This completes the responses to that Order.

If there are any questions about this matter, please contact me.

Very truly yours,



John N. Hughes  
Attorney for Joint Applicants,  
city of Pikeville and  
Mountain Water District.

## Mountain Water District Analysis of Mossy Bottom Transfer

**Assets:**

Date Capitalized	Description	Amount	Accumulated Depreciation @ 7/31/06
05/01/98	Pump Station	\$ 80,000.00	\$ 35,693.15
05/01/98	Mains	\$ 861,661.34	\$ 384,442.62
05/01/98	Pump Station A	\$ 45,000.00	\$ 20,077.40
05/01/98	Pump Station B	\$ 45,000.00	\$ 20,077.40
05/01/98	Pump Station C	\$ 45,000.00	\$ 20,077.40
05/01/98	Chlorinator System	\$ 75,000.00	\$ 33,462.33
05/01/98	Plant/Electrical	\$ 450,000.00	\$ 200,773.97
05/01/98	Fencing/Yard Improvements	\$ 85,000.00	\$ 49,276.52
05/01/98	Fencing/Yard Improvements	\$ 3,275.00	\$ 1,461.19
05/01/98	Office	\$ 5,000.00	\$ 4,461.64
09/30/98	Trash Pump	\$ 1,107.00	\$ 447.81
09/30/98	Water Jet Drain Cleaner	\$ 4,328.44	\$ 1,695.78
10/31/98	Trailer	\$ 12,140.00	\$ 9,810.12
09/03/00	Kmart Lift Station	\$ 42,972.74	\$ 13,065.50
05/01/98	Generator	\$ 50,000.00	\$ 22,308.21
01/01/01	Treatment Plant	\$ 346,313.89	\$ 96,635.78
01/01/01	Yard Improvements	\$ 49,642.26	\$ 13,852.21
08/21/01	Pump Station	\$ 134,270.50	\$ 3,319.79
08/21/01	Mains	\$ 816,844.83	\$ 201,973.27
04/01/04	Mains	\$ 1,104,186.88	\$ 1,104,186.88
<b>Total Mossy Bottom Assets</b>		<b>\$ 4,256,742.88</b>	<b>\$ 2,237,098.97</b>

**Contributions:**

Description	Amount
HB502 Community Development Grant - KIA	\$ 1,000,000.00
Economic Development Administration Grant	\$ 207,750.00
ARC Grant	\$ 375,000.00
Bonding Company Settlement on Contractor Default	\$ 102,876.00
Private Contribution - Kmart Lift Station	\$ 12,500.00
Economic Development Administration Grant	\$ 818,600.00
Tap-on Fees/Local Contribution	\$ 17,723.74
<b>Total Contributions in Aid</b>	<b>\$ 2,534,449.74</b>

**Debt Incurred:**

Description	Original Balance	Current Balance
Rural Development Bond No.92-16	\$ 176,000.00	\$ 161,300.00
KIA Loan No. A95-16	\$ 452,825.04	\$ 314,403.50
KIA Loan No. A00-03	\$ 1,093,468.10	\$ 924,250.79
<b>Total Debt Incurred</b>	<b>\$ 1,722,293.14</b>	<b>\$ 1,399,954.29</b>

## Assets Transferred:

<b>Date Capitalized</b>	<b>Description</b>	<b>Amount</b>	<b>Accumulated Depreciation @ 7/31/06</b>
05/01/98	Pump Station	\$ 80,000.00	\$ 35,693.15
05/01/98	Mains	\$ 861,661.34	\$ 384,442.62
05/01/98	Pump Station A	\$ 45,000.00	\$ 20,077.40
05/01/98	Pump Station B	\$ 45,000.00	\$ 20,077.40
05/01/98	Pump Station C	\$ 45,000.00	\$ 20,077.40
09/03/00	Kmart Lift Station	\$ 42,972.74	\$ 13,065.50
08/21/01	Pump Station	\$ 134,270.50	\$ 3,319.79
08/21/01	Mains	\$ 816,844.83	\$ 201,973.27
04/01/04	Mains	\$ 1,104,186.88	\$ 1,104,186.88
<b>Total Assets Transferred to COP</b>		<b>\$ 3,174,936.29</b>	<b>\$ 1,802,913.41</b>

