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DAMON R. TALLEY

ATTORNEY AT LAW

April 5, 2005

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PUBLIC SERVICE
COMMISSION

Ms. Beth O'Donnell
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

RE: Case No. 2004-00511
Grayson County Water District
(General Rates)

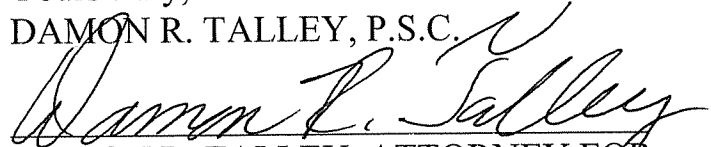
Dear Ms. O'Donnell:

Enclosed is the original and ten (10) copies of the Grayson 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
GRAYSON COUNTY WATER DISTRICT

DRT:ln

Enclosures

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

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PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

THE APPLICATION OF GRAYSON)	
COUNTY WATER DISTRICT FOR)	
A GENERAL RATE ADJUSTMENT,)	CASE NO. 2004-00511
TO INCREASE NON-RECURRING)	HISTORIC TEST
CHARGES, TO INCREASE TAP FEES,)	YEAR UTILIZED
AND TO REVISE ITS TARIFF)	
PURSUANT TO THE PROVISIONS)	
OF KRS 278.030, 278.0152, 807 KAR 5:001)	
and 807 KAR 5:011)	

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

MOTION FOR DEVIATION

The Applicant, GRAYSON COUNTY WATER DISTRICT (“Grayson”), by counsel, moves the Commission for a deviation from the requirements of 807 KAR 5:001, Section 10(7)(d) which requires the filing of the operating budget for each month of the period encompassing the pro forma adjustments. For cause, Grayson states as follows:

1. Grayson moves the Commission for a deviation from, or a waiver of, the requirement that it file an operating budget for each month of the period encompassing the pro forma adjustments as required by 807 KAR 5:001, Section 10(7)(d). No such monthly operating budgets exist. Grayson does not adopt monthly operating budgets. Instead, it adopts an annual budget for each calendar year.

2. The annual budget for calendar year 2005, which has been adopted by Grayson, is attached hereto and incorporated herein by reference.

3. Grayson believes that the financial information submitted with the original Application, together with the annual budget submitted with this motion, is sufficient to enable the Commission to adequately, effectively and efficiently review this rate Application.

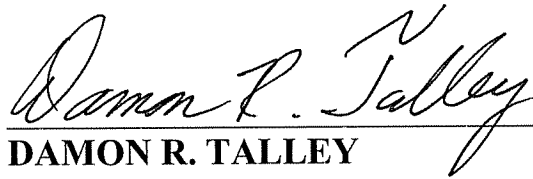
4. This Motion for Deviation, or a request for a waiver, is being made pursuant to Commission Regulation 807 KAR 5:001, Section 14, and all other applicable rules and regulations.

For the foregoing reasons, Grayson respectfully requests a deviation from the requirement that it file monthly operating budgets as required by Commission Regulation 807 KAR 5:001, Section 10(7)(d).

This 5th day of April, 2005.

Respectfully submitted,

**GRAYSON COUNTY WATER
DISTRICT**

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

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COUNSEL FOR GRAYSON

Budget Summary Of Grayson County Water District

Reporting Period from 1/1/05 to 12/31/05

	Actual 2003	Estimate 2004	Budget 2005
<u>Utility Operating Income</u>			
Operating Revenues	<u>2,075,128</u>	<u>2,221,980</u>	<u>2,265,502</u>
Operation and Maintenance Expenses	<u>1,233,058</u>	<u>1,291,958</u>	<u>1,378,343</u>
Depreciation Expense	<u>463,989</u>	<u>463,989</u>	<u>463,989</u>
Amortization Expense			
Taxes Other Than Income			
Income from Utility Plant Leased to Others			
Gains (Losses) from Disposition of Utility Property			
Net Utility Operating Expenses	<u>1,697,046</u>	<u>1,755,947</u>	<u>1,842,332</u>
Utility Operating Income (Loss)	<u>378,082</u>	<u>466,033</u>	<u>423,170</u>
<u>Other Income and Deductions</u>			
Net Results/Merchandising, Jobbing & Contract Work			
Interest and Dividend Income	<u>28,935</u>	<u>17,885</u>	<u>7,680</u>
Allowance for Funds Used During Construction			
Nonutility Income			
Miscellaneous Nonutility Expenses			
Taxes Other Than Income	<u>(3,560)</u>	<u>(3,582)</u>	<u>(3,652)</u>
Interest Expense	<u>(447,072)</u>	<u>(444,620)</u>	<u>(399,897)</u>
Total Other Income and Deductions	<u>(421,698)</u>	<u>(430,317)</u>	<u>(395,869)</u>
Income Before Contributions & Extraordinary Items	<u>(43,616)</u>	<u>35,716</u>	<u>27,301</u>
Proceeds from Capital Contributions	<u>1,528,384</u>	<u>36,206</u>	<u>0</u>
Net Extraordinary Items			
Change in Net Assets	<u>1,484,768</u>	<u>71,922</u>	<u>27,301</u>