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October 31, 2007

RECEIVED

Mike Buford
Public Service Commission
211 Sower Blvd.
Frankfort, KY 40601

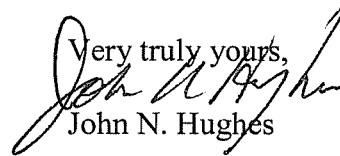
OCT 31 2007
PUBLIC SERVICE
COMMISSION

Re: Case 2006-00327

Dear Mike:

Attached is the 2005 Annual Report of Sandy Valley Water District as requested in your letter of October 17th.

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

Very truly yours,

John N. Hughes

Attorney for Joint Applicants

Water Districts/Associations - Class A & B

Annual Report

Of

Sandy Valley Water District

Exact Legal Name of Reporting Utility

P.O. Box 127

Betsy Layne, KY 41605

(Address of Utility)

TO THE
PUBLIC SERVICE COMMISSION
OF THE
COMMONWEALTH OF KENTUCKY

FOR THE CALENDAR YEAR ENDED DECEMBER 31, 20 05

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

Page No.	Account No.	Page No.	Yes	No	If No, Explain Why
4-6	The identification pages have been completed		X		
7	101-106 agrees with 13 Total 101-106		X		
7	108-110 agrees with 15 Total 301-348 Cols c & h		X		
7	114-115 agrees with 16 Net Balance 114-115		X		
7	123 agrees with 17 Total 123		X		
7	124-125 agrees with 17 Total 124 and Total 125		X		
7	126 agrees with 17 Total 126		X		
7	127 agrees with 17 Total 127		X		
7	141-144 agrees with 18 Net Balance 141-144		X		
7	151-153 agrees with 19 Total 151-153		X		
7	162 agrees with 19 Total 162		X		
8	181 agrees with 20 Total 181		X		
8	182 agrees with 21 Total 182		X		
8	186 agrees with 20 Total 186		X		
9	214 agrees with 12 Total 214		X		
9	215.1 agrees with 12 Total 215.1		X		
9	215.2 agrees with 12 Total 215.2		X		
9	221 agrees with 23 Total Col 4		X		
9	221 agrees with 23 Total Col 12		X		
9	224 agrees with 22 Total Col f		X		
9	232 agrees with 24 Total 232		X		

CHECKLIST FOR THE ANNUAL REPORT

FOR CLASS A AND B WATER DISTRICTS AND WATER ASSOCIATIONS

TO BE COMPLETED AND RETURNED WITH THE ANNUAL REPORT

Page No.	Account No.	Page No.	Yes	No	IF No, Explain Why
9	233	24	X		
9	234	24	X		
9	236	25	X		
9	237	25	X		
9	242	26	X		
9	251	20	X		
9	252	21	X		
10	400	27	X		
10	401	28	X		
10	408.1 & 408.2	25	X		
11	427	25	X		
11	Net Income Before Contributions	12	X		
13	101	14	X		
14	The analysis of water utility plant accounts Col s c through k has been completed		X		
15	The analysis of accumulated depreciation and amortization by primary account has been completed.		X		
20	186.1	26	X		Total 186.1 Col c
22	Schedule of Long-Term Debt has been completed		X		
23	Schedule of Bond Maturities has been completed		X		
27	Taxes collected (example: school tax, sales tax, franchise tax) have been excluded from Revenue and Expenses		X		
27	The analysis of water operating revenue Col s c, d, and e has been completed.		X		

off B 34547 Normal Account

Error

An error occurred while processing this page. See the system log for more details.

PUBLIC SERVICE COMMISSION OF KENTUCKY
PRINCIPAL PAYMENT AND INTEREST INFORMATION
FOR THE YEAR ENDING DECEMBER 31, 2005

1. Amount of Principal Payment during calendar year \$ 35,232.25
2. Is Principal Current? (Yes) (No) _____
3. Is Interest Current? (Yes) (No) _____
4. Has all long-term debt been approved by the Public Service Commission?
(Yes) _____ (No) _____ PSC Case No. _____

SERVICES PERFORMED BY
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT ("CPA")

Are your financial statements examined by a Certified Public Accountant?

Yes _____ No

If yes, which service is performed?

Audit _____

Compilation _____

Review _____

Please enclose a copy of the accountant's report with the annual report

Additional Requested Information

Utility Name Sandy Valley Water District

Contact Person Joseph Jacobs

Contact Person's E-Mail Address _____

Utility's Web Address _____

Please complete the above information, if it is available.

If there are multiple staff who may be contacts please include their names and e-mail addresses also.

Additional Information Required By Commission Orders

Provide any special information required by prior Commission orders, as well as any narrative explanations necessary to fully explain the data. Examples of the types of special information that may be required by Commission orders include surcharge amounts collected, refunds issued, and unusual debt repayments.

Case #	Date Of Order	Item/Explanation

Attach additional sheets if more room is required

MAJOR WATER PROJECTS

Instructions: Provide details about each major water project which is planned but has not yet been submitted for approval to the Public Service Commission. For the limited purpose of this report, a "Major Project" is defined as one which is not in the ordinary course of business, and which will increase your current utility plant by at least 20%.

Brief Project Description (improvement, replacement, building construction, expansion. If expansion, provide the estimated number of new customers):

Projected Costs and Funding Sources/Amounts:

Approval Status: (Application for financial assistance filed, but not approved; or application approved, but have not advertised for construction bids)

Location: (community, area or nearby roads)

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HISTORY

1. Exact name of utility making this report. (Use the words "The", "Company" or "Incorporated" only when a part of the corporate name.) _____

Sandy Valley Water District

2. Give the location, street and number, and TELEPHONE NUMBER of the principal office in Kentucky. _____

P.O. Box 127
504 George Road
Betsy Lane, KY 41605 (606) 478-5500

3. Give name, title, address and TELEPHONE NUMBER of the officer to whom correspondence concerning this report should be addressed. _____

Joseph Jacobs
P.O. Box 249
Samite, KY 41659 (606) 478-5180

4. Date of organization. 1969

5. If a consolidated or merged entity, name all previously separate entities.

N/A

6. Date for each consolidation and each merger. _____

N/A

7. State whether respondent is a water district or association. _____

Water District

8. Name all operating departments other than water. _____

N/A

9. Name of counties in which you furnish water service. _____

Floyd / Pike

REPORT OF

Sandy Valley Water District

P.O. Box 127 Betsy Layne, KY 41605

For Year Ended 12/31/05

Location of books and records: Betsy Layne, KY 41605

Contacts

Name	Title	Address	Salary Charged Utility
Send Correspondence To: Joseph Jacobs	Chairperson	P.O. Box 249 Stanville, KY 41659	\$ -
Report Prepared by: Kevin Puckett	Accountant	P.O. Box 1244 Betsy Layne, KY 41605	\$ -

Officers and Managers

Name	Title	Home Address	Salary Charged Utility	Current Term Expires
Joseph Jacobs	Chairperson	P.O. Box 249 Stanville, KY	\$ -	/ /
Oliver Blackburn	Treasurer	173 Lykins Court	\$ -	/ /
"	Secretary	P.O. Box 249 Stanville, KY	\$ -	/ /
Tom Brown	Commissioner	P.O. Box 4528 Pleasanton, KY 41502	\$ -	/ /
Jeff Anderson	Commissioner	P.O. Box 1433 Pleasanton, KY 41501	\$ -	/ /
Sammy Kidd	Commissioner	51 Maple Rd Harrod, KY 41635	\$ -	/ /
	Commissioner		\$	/ /
	Commissioner		\$	/ /
	Commissioner		\$	/ /
	Commissioner		\$	/ /
	General Manager		\$	
	Office Manager		\$	
			\$	
			\$	
			\$	
			\$	
			\$	
			\$	
			\$	

COMPARATIVE BALANCE SHEET - ASSETS AND OTHER DEBITS

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
UTILITY PLANT				
101-106	Utility Plant.....	13	\$ 3,795,790.57	\$ 3,795,790.57
108-110	Less: Accumulated Depreciation And Amortization.....	13,15-15	\$ 1,510,144.72	\$ 1,510,144.72
	Net Plant.....		\$ 2,285,645.85	\$ 2,285,645.85
114-115	Utility Plant Acquisition Adjustments (Net)	16	\$ _____	\$ _____
116	Other Utility Plant Adjustments.....		\$ _____	\$ _____
	Total Net Utility Plant.....		\$ 2,285,645.85	\$ 2,285,645.85
OTHER PROPERTY AND INVESTMENTS				
121	Nonutility Property.....		\$ _____	\$ _____
122	Less: Accumulated Depreciation And Amortization.....		\$ _____	\$ _____
	Net Nonutility Property.....		\$ _____	\$ _____
123	Investment in Associated Companies...	17	\$ _____	\$ _____
124-125	Utility and Other Investments.....	17	\$ _____	\$ _____
126	Sinking Funds.....	17	\$ _____	\$ _____
127	Other Special Funds.....	17	\$ _____	\$ _____
	Total Other Property & Investments...		\$ NONE	\$ NONE
CURRENT AND ACCRUED ASSETS				
131	Cash.....		\$ 35,835.01	\$ 20,671.90
132	Special Deposits.....		\$ _____	\$ _____
133	Other Special Deposits.....		\$ _____	\$ _____
134	Working Funds.....		\$ _____	\$ _____
135	Temporary Cash Investments.....		\$ _____	\$ _____
141-144	Accounts and Notes Receivable, Less Accumulated Provision for Uncollectible Accounts.....	18	\$ 76,852.91	\$ 87,822.42
145	Accounts Receivable From Associated Companies.....		\$ _____	\$ _____
146	Notes Receivable From Associated Companies.....		\$ _____	\$ _____
151-153	Materials and Supplies.....	19	\$ _____	\$ _____
161	Stores Expense.....	19	\$ _____	\$ _____
162	Prepayments.....		\$ _____	\$ _____
171	Accrued Interest and Dividends Receivable.....		\$ _____	\$ _____
172	Rents Receivable.....		\$ _____	\$ _____
173	Accrued Utility Revenues.....		\$ _____	\$ _____
174	Misc. Current and Accrued Assets.....		\$ _____	\$ _____
	Total Current and Accrued Assets		\$ 112,687.92	\$ 108,494.32

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

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
	DEFERRED DEBITS			
181	Unamortized Debt Discount & Expense..	20	\$ _____	\$ _____
182	Extraordinary Property Losses.....	21	\$ _____	\$ _____
183	Preliminary Survey & Investigation Charges.....		\$ _____	\$ _____
184	Clearing Accounts.....		\$ _____	\$ _____
185	Temporary Facilities.....		\$ _____	\$ _____
186	Misc. Deferred Debits.....	20	\$ _____	\$ _____
187	Research & Development Expenditures..		\$ _____	\$ _____
	Total Deferred Debits.....		\$ _____	\$ _____
	TOTAL ASSETS AND OTHER DEBITS.....		\$ 2,475,334.27	\$ 2,394,140.17

NOTES TO THE BALANCE SHEET

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

COMPARATIVE BALANCE SHEET - EQUITY CAPITAL AND LIABILITIES

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
EQUITY CAPITAL				
214	Appropriated Retained Earnings.....	12	\$ _____	\$ _____
215.1	Retained Earnings From Income			
	Before Contributions.....	12	\$ (597,515.21)	\$ (655,982.78)
215.2	Donated Capital.....	12	\$ <u>1,376,337.85</u>	\$ <u>1,376,337.85</u>
	Total Equity Capital.....		\$ <u>778,772.64</u>	\$ <u>720,355.36</u>
LONG-TERM DEBT				
221	Bonds.....	23	\$ <u>83,323.80</u>	\$ <u>72,323.80</u>
222	Reacquired Bonds.....		\$ _____	\$ _____
223	Advances From Associated Companies...		\$ _____	\$ _____
224	Other Long-Term Debt.....	22	\$ <u>1,435,332.48</u>	\$ <u>1,419,106.28</u>
	Total Long-Term Debt.....		\$ <u>1,521,662.88</u>	\$ <u>1,491,430.08</u>
CURRENT AND ACCRUED LIABILITIES				
231	Accounts Payable.....		\$ <u>63,636.30</u>	\$ <u>22,172.74</u>
232	Notes Payable.....	24	\$ <u>50,000.00</u>	\$ <u>43,000.00</u>
233	Accounts Payable To Associated Co. . .	24	\$ _____	\$ _____
234	Notes Payable To Associated Co.	24	\$ _____	\$ _____
235	Customer Deposits.....		\$ <u>79,770.01</u>	\$ <u>72,351.55</u>
236	Accrued Taxes.....	25	\$ <u>4,736.59</u>	\$ <u>5,214.39</u>
237	Accrued Interest.....	25	\$ <u>5,088.82</u>	\$ <u>5,255.96</u>
239	Matured Long-Term Debt.....		\$ _____	\$ _____
240	Matured Interest.....		\$ _____	\$ _____
241	Tax Collections Payable.....		\$ _____	\$ _____
242	Misc. Current & Accrued Liabilities..	26	\$ <u>2,125.44</u>	\$ <u>2,330.54</u>
	Total Current and Accrued Liabilities.....		\$ <u>175,599.35</u>	\$ <u>182,354.78</u>
DEFERRED CREDITS				
251	Unamortized Premium on Debt.....	20	\$ _____	\$ _____
252	Advances For Construction.....	21	\$ _____	\$ _____
253	Other Deferred Credits.....		\$ _____	\$ _____
	Total Deferred Credits.....		\$ _____	\$ _____
OPERATING RESERVES				
261	Property Insurance Reserve.....		\$ _____	\$ _____
262	Injuries and Damages Reserve.....		\$ _____	\$ _____
263	Pension and Benefits Reserve.....		\$ _____	\$ _____
265	Miscellaneous Operating Reserves.....		\$ _____	\$ _____
	Total Operating Reserves.....		\$ _____	\$ _____
	TOTAL EQUITY CAPITAL AND LIABILITIES.		\$ <u>2,476,024.27</u>	\$ <u>2,394,140.17</u>

COMPARATIVE OPERATING STATEMENT

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
	UTILITY OPERATING INCOME			
400	Operating Revenues.....	27	\$ <u>1,042,514.84</u>	\$ <u>1,010,909.37</u>
401	Operating Expenses.....	28	\$ <u>1,004,031.62</u>	\$ <u>887,034.12</u>
403	Depreciation Expenses.....		\$ <u>81,343.50</u>	\$ <u>78,500.00</u>
406	Amortization of Utility Plant Acquisition Adjustment.....		\$ _____	\$ _____
407	Amortization Expense.....		\$ _____	\$ _____
408.10-408.13	Taxes Other Than Income.....		\$ <u>10,642.63</u>	\$ <u>18,965.54</u>
	Utility Operating Expenses.....		\$ <u>1,095,012.25</u>	\$ <u>984,299.65</u>
	Utility Operating Income.....		\$ <u><53,502.41></u>	\$ <u>26,629.72</u>
413	Income From Utility Plant Leased To Others.....		\$ _____	\$ _____
414	Gains (Losses) From Disposition Of Utility Property.....		\$ _____	\$ _____
	Total Utility Operating Income.....		\$ <u><53,502.41></u>	\$ <u>26,629.72</u>
	OTHER INCOME AND DEDUCTIONS			
415	Revenues From Merchandising, Jobbing And Contract Work.....		\$ _____	\$ _____
416	Costs and Expenses of Merchandising, Jobbing and Contract Work.....		\$ _____	\$ _____
419	Interest and Dividend Income.....		\$ <u>725.95</u>	\$ <u>473.51</u>
420	Allowance for Funds Used During Construction.....		\$ _____	\$ _____
421	Nonutility Income.....		\$ _____	\$ _____
426	Miscellaneous Nonutility Expenses....		\$ _____	\$ _____
	Total Other Income and Deductions....		\$ <u>725.95</u>	\$ <u>473.51</u>
	TAXES APPLICABLE TO OTHER INCOME			
408.20	Taxes Other Than Income.....		\$ _____	\$ _____
	Total Taxes Applicable To Other Income.....		\$ _____	\$ _____

COMPARATIVE OPERATING STATEMENT (CONT'D)

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
	INTEREST EXPENSE			
427	Interest Expense.....		\$ <u>76,037.07</u>	\$ <u>85,520.51</u>
428	Amortization of Debt Discount & Exp..		\$ _____	\$ _____
429	Amortization of Premium on Debt.....		\$ _____	\$ _____
	Total Interest Expense.....		\$ <u>76,037.07</u>	\$ <u>85,520.51</u>
	EXTRAORDINARY ITEMS			
433	Extraordinary Income.....		\$ _____	\$ _____
434	Extraordinary Deductions.....		\$ _____	\$ _____
	Total Extraordinary Items.....		\$ _____	\$ _____
435	NET INCOME BEFORE CONTRIBUTIONS.....		\$ <u><128,849.55></u>	\$ <u><58,417.28></u>

STATEMENT OF RETAINED EARNINGS

ACCT. NO. (a)	(b)	AMOUNT (c)
214	Appropriated Retained Earnings (state balance and purpose of each appropriated amount at year end):	
	_____	\$ _____
	_____	\$ _____
	_____	\$ _____
	Total Appropriated Retained Earnings.....	\$ _____

215.1	Retained Earnings From Income Before Contributions:	
	Balance Beginning of Year.....	\$ <597,565.21>
435	Balance Transferred from Net Income Before Contributions...	\$ <58,417.98>
	Other Changes to Account:	
436	Appropriations of Retained Earnings.....	\$ _____
439	Adjustments to Retained Earnings (requires Commission approval prior to use):	
	Credits (explain) _____	\$ _____
	Debits (explain) _____	\$ _____
	Balance End of Year.....	\$ <655,982.49>

215.2	Donated Capital:				
		Tapping Fees	Grants	Other	Total
	Balance Beginning of Year.....	_____	_____	_____	1,376,337.85
	Credits:				
432	Proceeds from capital contributions.....	_____	_____	_____	_____
	Other Credits (explain)	_____	_____	_____	_____
	Debits:				
	(explain - Requires Commission Approval)	_____	_____	_____	_____
	Balance End of Year.....	_____	_____	_____	1,376,337.85

UTILITY PLANT (ACCTS. 101 - 106)

ACCT. NO.	PLANT ACCOUNTS	TOTAL
101	Utility Plant In Service.....	\$ <u>3,795,790.57</u>
102	Utility Plant Leased To Others.....	\$ _____
103	Property Held For Future Use.....	\$ _____
104	Utility Plant Purchased or Sold.....	\$ _____
105	Construction Work In Progress.....	\$ _____
106	Completed Construction Not Classified.....	\$ _____
	Total Utility Plant.....	\$ <u>3,795,790.57</u>

ACCUMULATED DEPRECIATION (ACCT. 108)

DESCRIPTION	TOTAL
Balance First of Year.....	\$ <u>1,431,844.72</u>
Credits During Year:	
Accruals Charged To Account 108.1.....	\$ <u>78,300.00</u>
Accruals Charged To Account 108.2.....	\$ _____
Accruals Charged To Account 108.3.....	\$ _____
Accruals Charged To Other Accounts (specify)	\$ _____
_____	\$ _____
_____	\$ _____
Salvage Value Recovered On Plant Retired.....	\$ _____
Other Credits (specify)	\$ _____
_____	\$ _____
_____	\$ _____
Total Credits.....	\$ _____
Debits During Year:	
Book Cost of Plant Retired.....	\$ _____
Cost Of Removal.....	\$ _____
Other Debits (specify)	\$ _____
_____	\$ _____
_____	\$ _____
Total Debits.....	\$ _____
Balance End Of Year.....	\$ <u>1,510,144.72</u>

WATER UTILITY PLANT ACCOUNTS

ACCT NO (a)	ACCOUNT NAME (b)	END OF PREVIOUS YEAR (c)	ADDITIONS (d)	RETIREMENTS (e)	END OF CURRENT YEAR (f)	.1 INTANGIBLE PLANT (g)	.2 SOURCE OF SUPPLY & PUMPING PLANT (h)	.3 WATER TREATMENT PLANT (i)	.4 TRANS & DISTRIB PLANT (j)	.5 GENERAL PLANT (k)
301	Organization.....	\$	\$	\$	\$	\$	\$XXXXXX	\$XXXXXX	\$XXXXXX	\$XXXXXX
302	Franchises.....					XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
303	Land and Land Rights.....	49,844.90			49,844.90	XXXXXX				
304	Structures & Improvements.....	806.07			806.07	XXXXXX				
305	Collecting and Impounding Reservoirs.....					XXXXXX				
306	Lake, River & Other Intakes.....					XXXXXX				
307	Wells and Springs.....					XXXXXX				
308	Infiltration Galleries and Tunnels.....					XXXXXX				
309	Supply Mains.....					XXXXXX				
310	Power Generation Equipment.....					XXXXXX				
311	Pumping Equipment.....					XXXXXX				
320	Water Treatment Equipment.....					XXXXXX				
330	Distribution Reservoirs and Standpipes.....	115,777.80			115,777.80	XXXXXX				
331	Transmission and Distribution Mains.....	3,365,848.54			3,365,848.54	XXXXXX				
333	Services.....	23,631.81			23,631.81	XXXXXX				
334	Meters & Meter Installations.....					XXXXXX				
335	Hydrants.....					XXXXXX				
336	Backflow Prevention Devices.....					XXXXXX				
339	Other Plant and Miscellaneous Equipment.....	147,167.08			147,167.08	XXXXXX				
340	Office Furniture and Equip.....	30,645.19			30,645.19	XXXXXX				
341	Transportation Equipment.....	55,089.77			55,089.77	XXXXXX				
342	Stores Equipment.....					XXXXXX				
343	Tools, Shop and Garage Equip.....	61,946.77			61,946.77	XXXXXX				
344	Laboratory Equipment.....					XXXXXX				
345	Power Operated Equipment.....					XXXXXX				
346	Communication Equipment.....					XXXXXX				
347	Miscellaneous Equipment.....	15,684.35			15,684.35	XXXXXX				
348	Other Tangible Plant.....					XXXXXX				
	Total Water Plant.....	3,795,700.97			3,795,700.97	\$	\$	\$	\$	\$

ANALYSIS OF ACCUMULATED DEPRECIATION AND AMORTIZATION BY PRIMARY ACCOUNT

ACCT. NO. (a)	ACCOUNT (b)	BALANCE BEGINNING OF YEAR (c)	CREDITS DURING THE YEAR			CHARGES DURING THE YEAR			BALANCE END OF YEAR (h)
			CHARGES TO DEP. EXP. (d)	OTHER CREDITS (e)	PLANT RETIREMENTS (f)	OTHER CHARGES (g)			
301	Organization.....	\$	\$	\$	\$	\$	\$	\$	
302	Franchises.....	\$	\$	\$	\$	\$	\$	\$	
303	Land and Land Rights.....	\$	\$	\$	\$	\$	\$	\$	
304	Structures & Improvements...	\$ 800.00	\$	\$	\$	\$	\$	\$	
305	Collecting & Impounding Reservoirs.....	\$	\$	\$	\$	\$	\$	\$	
306	Lake, River & Other Intakes.	\$	\$	\$	\$	\$	\$	\$	
307	Wells and Springs.....	\$	\$	\$	\$	\$	\$	\$	
308	Infiltration Galleries and Tunnels.....	\$	\$	\$	\$	\$	\$	\$	
309	Supply Mains.....	\$	\$	\$	\$	\$	\$	\$	
310	Power Generation Equipment..	\$	\$	\$	\$	\$	\$	\$	
311	Pumping Equipment.....	\$	\$	\$	\$	\$	\$	\$	
320	Water Treatment Equipment...	\$	\$	\$	\$	\$	\$	\$	
330	Distribution Reservoirs and Standpipes.....	\$ 79,922.57	\$	\$	\$	\$	\$	\$ 81,459.57	
331	Transmission & Distribution Mains.....	\$ 1,051,073.36	\$ 62,689.00	\$	\$	\$	\$	\$ 1,115,423.36	
333	Services.....	\$ 10,526.33	\$	\$	\$	\$	\$	\$ 10,526.33	
334	Meters and Meter Installations.....	\$ 141,240.40	\$	\$	\$	\$	\$	\$ 141,240.40	
335	Hydrants.....	\$ 5,926.12	\$	\$	\$	\$	\$	\$ 5,926.12	
336	Backflow Prevention Devices.	\$	\$	\$	\$	\$	\$	\$	
339	Other Plant & Miscellaneous Equipment.....	\$	\$	\$	\$	\$	\$	\$	
340	Office Furniture & Equip....	\$ 29,339.12	\$ 587.22	\$	\$	\$	\$	\$ 29,910.12	
341	Transportation Equipment....	\$ 44,649.35	\$ 11,389.40	\$	\$	\$	\$	\$ 56,016.35	
342	Stores Equipment.....	\$ 61,940.57	\$	\$	\$	\$	\$	\$ 61,940.57	
343	Tools, Shop & Garage Equip..	\$	\$	\$	\$	\$	\$	\$	
344	Laboratory Equipment.....	\$	\$	\$	\$	\$	\$	\$	
345	Power Operated Equipment....	\$	\$	\$	\$	\$	\$	\$	
346	Communication Equipment.....	\$	\$	\$	\$	\$	\$	\$	
347	Miscellaneous Equipment.....	\$	\$	\$	\$	\$	\$	\$	
348	Other Tangible Plant.....	\$ 6,960.29	\$	\$	\$	\$	\$	\$ 6,960.29	
	TOTALS	\$ 1,471,844.88	\$ 178,308.60	\$	\$	\$	\$	\$ 1,510,449.28	

ACCUMULATED AMORTIZATION (ACCT. 110)

DESCRIPTION	TOTAL
Balance First of Year.....	\$ _____
Credit During Year:	
Accruals Charged To Account 110.1.....	\$ _____
Accruals Charged To Account 110.2.....	\$ _____
Other Credits (specify)	\$ _____
_____	\$ _____
_____	\$ _____
Total Credits.....	\$ _____
Debits During Year:	
Book Cost of Plant Retired.....	\$ _____
Other Debits (specify)	\$ _____
_____	\$ _____
_____	\$ _____
Total Debits.....	\$ _____
Balance End Of Year.....	\$ _____

UTILITY PLANT ACQUISITION ADJUSTMENTS (ACCTS. 114 - 115)

Report each acquisition adjustment and related accumulated amortization separately.
For any acquisition adjustment approved by the Commission, include the Order Number.

ACCOUNT NAME	TOTAL
Acquisition Adjustments (114)	
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
Total Plant Acquisition Adjustments.....	\$ _____
Accumulated Amortization (115)	
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
Total Accumulated Amortization.....	\$ _____
Net Acquisition Adjustments.....	\$ _____

INVESTMENTS AND SPECIAL FUNDS (ACCTS. 123- 127)

Report hereunder all investments and special funds carried in Accounts 123 through 127.

DESCRIPTION OF SECURITY OR SPECIAL FUND (a)	FACE OR PAR VALUE (b)	YEAR END BOOK COST (c)
INVESTMENT IN ASSOCIATED COMPANIES (ACCT. 123) _____ _____ _____ _____ Total Investment in Associated Companies.....	\$ _____ \$ _____ \$ _____ \$ _____ \$ _____	\$ _____ \$ _____ \$ _____ \$ _____ \$ _____
UTILITY INVESTMENTS (ACCT. 124) _____ _____ _____ _____ Total Utility Investments.....	\$ _____ \$ _____ \$ _____ \$ _____ \$ _____	\$ _____ \$ _____ \$ _____ \$ _____ \$ _____
OTHER INVESTMENTS (ACCT. 125) _____ _____ _____ _____ Total Other Investments.....	\$ _____ \$ _____ \$ _____ \$ _____ \$ _____	\$ _____ \$ _____ \$ _____ \$ _____ \$ _____
SINKING FUNDS (ACCT. 126) _____ _____ _____ _____ Total Sinking Funds.....	\$ _____ \$ _____ \$ _____ \$ _____ \$ _____	\$ _____ \$ _____ \$ _____ \$ _____ \$ _____
OTHER SPECIAL FUNDS (ACCT. 127) _____ _____ _____ _____ Total Other Special Funds.....	\$ _____ \$ _____ \$ _____ \$ _____ \$ _____	\$ _____ \$ _____ \$ _____ \$ _____ \$ _____

ACCOUNTS AND NOTES RECEIVABLE - NET (ACCOUNTS 141 - 144)

Report hereunder all accounts and notes receivable included in Accounts 141, 142 and 144. Amounts included in Accounts 142 and 144 should be listed individually.

DESCRIPTION	TOTAL
ACCOUNTS & NOTES RECEIVABLE:	
Customer Accounts Receivable (Acct. 141).....	\$ <u>87,802.42</u>
Other Accounts Receivable (Acct. 142)	
_____ \$ _____	
_____ \$ _____	
_____ \$ _____	
_____ \$ _____	\$ _____
Notes Receivable (Acct. 144)	
_____ \$ _____	
_____ \$ _____	
_____ \$ _____	
_____ \$ _____	\$ _____
Total Accounts and Notes Receivable.....	\$ _____
Accumulated Provision for Uncollectible Accounts (Acct. 143)	
Balance First Of Year.....	\$ _____
Add: Provision For Uncollectibles For	
Current Year.....	\$ _____
Collection of Accounts Previously	
Written Off.....	\$ _____
Other.....	\$ _____
Total Additions.....	\$ _____
Deduct:	
Accounts Written Off During Year.....	\$ _____
Other.....	\$ _____
Total Deductions.....	\$ _____
Balance End Of Year.....	\$ _____
Total Accounts and Notes Receivable - Net.....	\$ <u>87,802.42</u>

MATERIALS AND SUPPLIES (151- 153)

ACCOUNT NAME	TOTAL
Plant Materials and Supplies (Account 151)	\$ _____
Merchandise (Account 152)	\$ _____
Other Materials and Supplies (Account 153).....	\$ _____
Total Materials and Supplies.....	\$ _____

PREPAYMENTS (ACCT. 162)

DESCRIPTION	TOTAL
Prepaid Insurance.....	\$ _____
Prepaid Rents.....	\$ _____
Prepaid Interest.....	\$ _____
Prepaid Taxes.....	\$ _____
Other Prepayments (specify)	
_____	\$ _____
_____	\$ _____
Total Prepayments.....	\$ _____

MISCELLANEOUS DEFERRED DEBITS (ACCT. 186)

DESCRIPTION	TOTAL
Miscellaneous Deferred Debits (Acct. 186):	
Deferred Rate Case Expense (Acct. 186.1).....	\$ _____
Other Deferred Debits (Acct. 186.2).....	\$ _____
Regulatory Assets (Acct. 186.3).....	\$ _____
Total Miscellaneous Deferred Debits.....	\$ _____

UNAMORTIZED DEBT DISCOUNT AND EXPENSE AND PREMIUM ON DEBT (ACCTS. 181 & 251)

Report the net discount and expense or premium separately for each security issue.

DESCRIPTION	AMOUNT WRITTEN OFF DURING YEAR	YEAR END BALANCE
Unamortized Debt Discount and Expense (Acct. 181):		
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
Total Unamortized Debt Discount and Expense.....	\$ _____	\$ _____
Unamortized Premium on Debt (Acct. 251):		
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
Total Unamortized Premium on Debt.....	\$ _____	\$ _____

EXTRAORDINARY PROPERTY LOSSES (ACCT. 182)

Report each item separately.

DESCRIPTION	TOTAL
Extraordinary Property Losses (Acct. 182):	
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
Total Extraordinary Property Losses.....	\$ _____

ADVANCES FOR CONSTRUCTION (ACCT. 252)

DESCRIPTION	TOTAL
Balance first of year.....	\$ _____
Add credits during year.....	\$ _____
Deduct charges during year.....	\$ _____
Balance end of year.....	\$ _____

ACCOUNT 221, BONDS

Line No.	Par Value Of Actual Issue (1)	Cash Realized On Actual Issue (2)	Par Value Of Amount Held by or for Respondent (3)	Actually Outstanding At Close Of Year (4)	Interest During Year	
					Accrued (5)	Actually Paid (6)
1	100,000.00	100,000.00	100,000.00	0.00	0.00	0.00
2	506,000.00	506,000.00	506,000.00	72,323.80	19,360.60	19,360.60
3						
4						
5						
6						
7						
8						
9						
10						
Total	606,000.00	606,000.00	606,000.00	72,323.80	19,360.60	19,360.60

SCHEDULE OF BOND MATURITIES

(The total of column 12 must agree with the total of column 4)

Line No.	Bond Numbers (7)	Maturity Date (8)	Interest Rate (9)	Principal Amount (10)	Amount Paid (11)	Remaining Bonds Outstanding (12)
1	1-100	82	7	100,000.00	100,000.00	None
2	1-512	85	11.25	506,000.00	511,713.00	None
3	513-506	05-2007	11.85	599,539.80	221,963.43	72,323.80
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
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31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
Total				606,000.00	533,676.20	72,323.80

ACCRUED TAXES (ACCOUNT 236)

ACCT. NO. (a)	DESCRIPTION (b)	TOTAL (c)
	Balance first of year.....	\$ 4,762.39
	Accruals Charged:	
408.10	Utility regulatory assessment fees.....	\$
408.11	Property taxes.....	\$
408.12	Payroll taxes (employer's portion).....	\$ 18,465.54
408.13	Other taxes and licenses.....	\$
408.20	Taxes other than income, other income and deductions...	\$
	Total taxes accrued.....	\$ 18,465.54
	Taxes paid during year:	
408.10	Utility regulatory assessment fees.....	\$
408.11	Property taxes.....	\$
408.12	Payroll taxes (employer's portion).....	\$ 18,465.54
408.13	Other taxes and licenses.....	\$
408.20	Taxes other than income, other income and deductions...	\$
	Total taxes paid.....	\$ 18,465.54
	Balance end of year.....	\$ 5,762.39

ACCRUED INTEREST (ACCOUNT 237)

DESCRIPTION OF DEBT (a)	BALANCE BEGINNING OF YEAR (b)	INTEREST ACCRUED DURING YEAR (c)	INTEREST PAID DURING YEAR (d)	BALANCE END OF YEAR (e)
Long-Term Debt:				
<u>Bonds</u>	\$ -	\$ 19,360.60	\$ 19,360.60	\$ -
_____	\$	\$	\$	\$
_____	\$	\$	\$	\$
Notes Payable:				
<u>USDA</u>	\$ -	\$ 56,159.91	\$ 56,159.91	\$ -
_____	\$	\$	\$	\$
_____	\$	\$	\$	\$
Customer Deposits:				
_____	\$ 5,045.22	\$ 245.97	\$ 100.00	\$ 5,291.19
_____	\$	\$	\$	\$
Other:				
_____	\$	\$	\$	\$
_____	\$	\$	\$	\$
Total Acct. No. 237.....	\$ 5,045.22	\$ 85,766.48	\$ 85,624.74	\$ 7,291.19

MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (ACCOUNT 242)

DESCRIPTION (a)	BALANCE END OF YEAR (b)
<i>Tax Collections Payable</i>	\$ 2,175.44
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
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	\$
	\$
	\$
	\$
Total Miscellaneous Current and Accrued Liabilities.....	\$ 2,175.44

REGULATORY COMMISSION EXPENSE (ACCOUNTS 666 AND 667)

DESCRIPTION OF CASE (DOCKET NO.) (a)	TOTAL INCURRED DURING YEAR (b)	AMOUNT TRANSFERRED TO ACCOUNT No. 186.1 (c)	EXPENSED DURING YEAR	
			ACCT. (d)	AMOUNT (e)
	\$	\$		\$
	\$	\$		\$
	\$	\$		\$
	\$	\$		\$
	\$	\$		\$
	\$	\$		\$
	\$	\$		\$
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	\$	\$		\$
	\$	\$		\$
	\$	\$		\$
	\$	\$		\$
	\$	\$		\$
Total.....	\$	\$		\$

WATER OPERATING REVENUE

ACCT NO (a)	(b)	BEGINNING YEAR NO. CUSTOMERS (c)	YEAR END NUMBER CUSTOMERS (d)	AMOUNTS (e)
	Operating Revenues:			
460	Unmetered Water Revenue.....			\$
461	Metered Water Revenue:			
461.1	Sales to Residential Customers.....	2044	2048	\$ 658,074.44
461.2	Sales to Commercial Customers.....	282	342	\$ 252,478.23
461.3	Sales to Industrial Customers.....			\$
461.4	Sales to Public Authorities.....			\$
461.5	Sales to Multiple Family Dwellings....			\$
461.6	Sales through Bulk Loading Stations...			\$
	Total Metered Sales.....	2326	2440	\$ 910,552.67
462	Fire Protection Revenue:			
462.1	Public Fire Protection.....			\$
462.2	Private Fire Protection.....			\$
	Total Fire Protection Revenue.....			\$
464	Other Sales to Public Authorities.....			\$
465	Sales to Irrigation Customers.....			\$
466	Sales for Resale.....	/	/	\$ 56,615.00
467	Interdepartmental Sales.....			\$
	Total Sales of Water			\$ 967,244.30
	Other Water Revenues:			
469	Guaranteed Revenues.....			\$
470	Forfeited Discounts.....			\$
471	Miscellaneous Service Revenues.....			\$ 43,685.07
472	Rents from Water Property.....			\$
473	Interdepartmental Rents.....			\$
474	Other Water Revenues.....			\$
	Total Other Water Revenues.....			\$ 43,685.07
	Total Water Operating Revenues.....			\$ 1,010,929.37

PUMPING AND PURCHASED WATER STATISTICS

(a)	WATER PURCHASED FOR RESALE (Omit 000's) (b)	WATER PUMPED FROM WELLS (Omit 000's) (c)	TOTAL WATER PUMPED AND PURCHASED (Omit 000's) (d)	WATER SOLD TO CUSTOMERS (Omit 000's) (e)
January.....	20,115		20,115	16,493.3
February.....	18,879		18,879	16,647.7
March.....	14,666		14,666	13,250.8
April.....	22,548		22,548	15,047.7
May.....	19,132		19,132	13,938.6
June.....	20,207		20,207	16,515.5
July.....	20,851		20,851	15,281.8
August.....	21,446		21,446	18,974.4
September.....	21,922		21,922	15,853.4
October.....	18,852		18,852	15,214.7
November.....	16,203		16,203	11,442.4
December.....	17,205		17,205	14,373.7
Total for year....	222,829		222,829	181,148.1

Maximum gallons pumped by all methods in any one day (Omit 000's): _____

Date ____/____/____

Minimum gallons pumped by all methods in any one day (Omit 000's): _____

Date ____/____/____

If water is purchased, indicate the following:

Vendor City of Prestonsburg / City of Pledge

Point of delivery Master Meter

If water is sold to other water utilities for redistribution, list the names of such utilities below:

Man Water District

SALES FOR RESALE (466)

LINE #	COMPANY	GALLONS (Omit 000's)	AVG. RATE PER 1,000 GALLONS (CENTS)	AMOUNT
1	Mountain Water Sales	21,217.2	2.687	56,922.53
2				
3				
4				
5				
6				
7				
8	TOTAL	21,217.2		56,922.53

WATER STATISTICS

LINE #	ITEM	GALLONS (Omit 000's)
1	WATER PRODUCED, PURCHASED & DISTRIBUTED:	
2	Water Produced	
3	Water Purchased	233,869
4	TOTAL PRODUCED AND PURCHASED	233,869
5		
6	WATER SALES:	
7	Residential	159,925.20
8	Commercial	
9	Industrial	
10	Bulk Loading Stations	
11	Resale	21,217.2
12	Other Sales	
13	TOTAL WATER SALES	181,142.4
14		
15	OTHER WATER USED:	
16	Utility/water treatment plant	
17	Wastewater plant	
18	System Flushing	
19	Fire Department	
20	Other	
21	TOTAL OTHER WATER USED	
22		
23	WATER LOSS:	
24	Tank Overflows	
25	Line Breaks	
26	Line Leaks	52,726.60
27	Other	
28	TOTAL LINE LOSS	52,726.60
29		
30	Note: Line 13 + Line 21 + Line 28 Must Equal Line 4	233,869
31		
32	WATER LOSS PERCENTAGE:	
33	Line 28 divided by Line 4	22.60%

PLANT STATISTICS

Give the following information:

1. Number of fire hydrants, by size.
2. Number of private fire hydrants, by size.
3. If produced, whether water supply is river, impounded stream, well, springs, artificial lake or collector type well.
4. If produced, whether supply is by gravity, pumping, or a combination.
5. Type, capacity, and elevation of reservoirs at overflow and ground level.
6. Miles of main by size and kind.
7. Types of filters: gravity or pressure, number of units, and total rated capacity in gallons per minute.
8. Type of disinfectant, number of units and capacity in pounds per 24 hours.
9. Station equipment. List each pump separately, giving type and capacity and H.P. of driving unit and character of driving unit (steam, electric, or internal combustion). State whether pump is high or low duty.
10. Quantity of fuel used: coal in pounds, gas in cu. ft., oil in gallons, and electric in KWH.
11. Give a description and total cost of any sizable additions or retirements to plant in service outside the normal system growth for the period covered by this report.
12. Capacity of clear well.
13. Peak month, in gallons of water sold.
14. Peak day, in gallons of water sold.

(1) 218-4"

(2) 10-4"

(3) River

(4) 2000 gal

(5) 12" tanks 130 m gal 2000

(6) 12 m 12" / 15 m 2"

(7) N/A

(8)

(9)

(10)

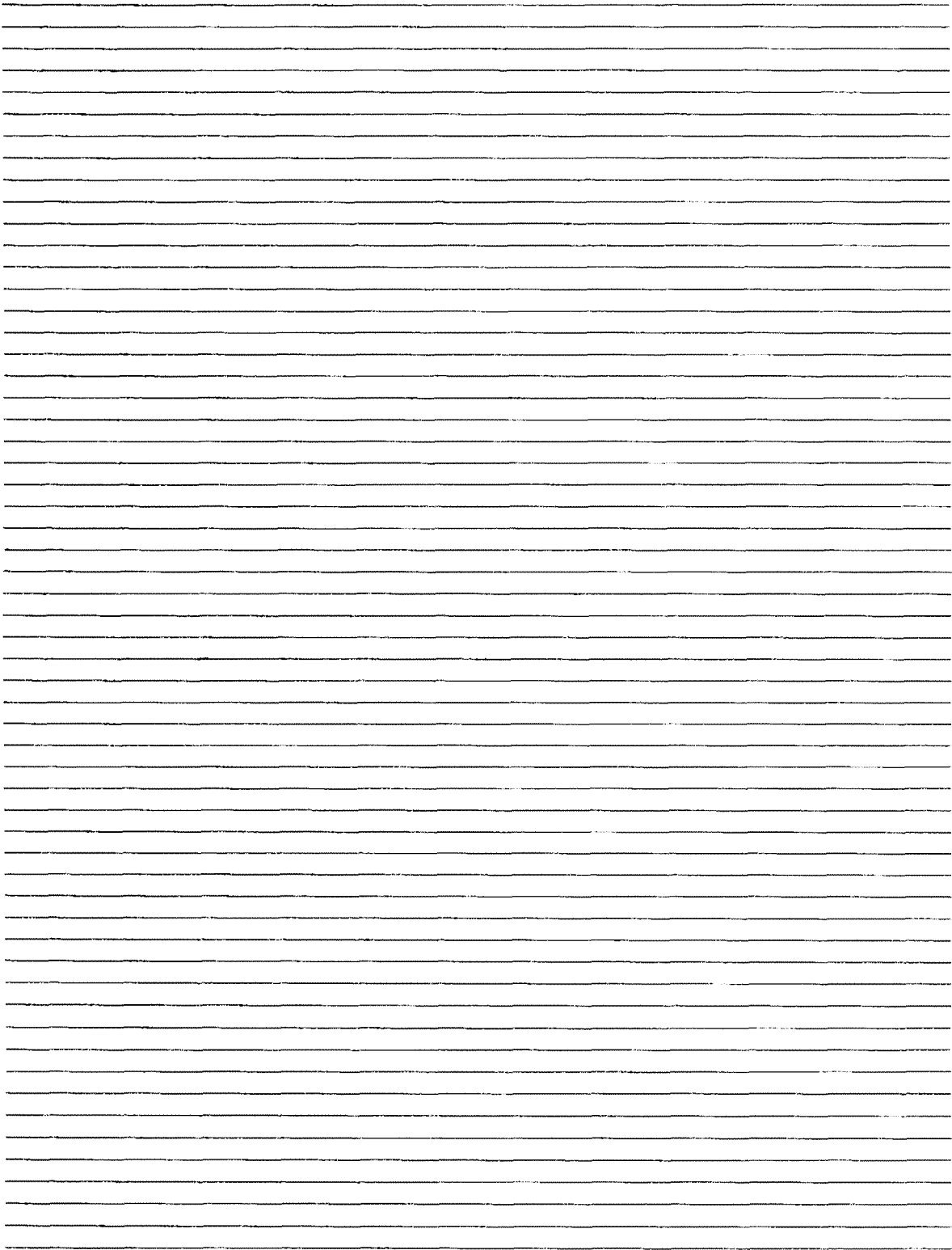
(11)

(12)

(13) July

(14) July 15

PLANT STATISTICS CONT'D.



OATH

Commonwealth of Kentucky)
County of Floyd) ss:

I, Joseph Jacobs, having appeared before the undersigned officer duly authorized to administer oaths and being duly sworn, state under oath that I am _____ of Sandy Valley Water District ("Respondent"); that I have supervision over the books of account and other financial records of the Respondent and have control over the manner in which they are kept; that such books and records have, during the period covered by the foregoing report, been maintained in good faith in accordance with the accounting and other orders of the Public Service Commission of Kentucky; that I have carefully examined the foregoing report and to the best of my knowledge and belief the information contained in this report is, so far as it relates to matters of accounts, in accordance with the said books of account; that all other statements of fact contained in the foregoing report are true; and that the foregoing report is a correct and complete statement of the business and affairs of the Respondent in every respect and manner during the period of time from and including

January 1, 20 05, to and including December 31, 20 05

Joseph H. Jacobs
(Signature of Officer)

Subscribed and sworn to before me, a Notary Public, in and for the State and County named in the above this 6th day of February, 20 07

(Apply Seal Here)

My Commission Expires 9/25/08

Sharon Hamilton
(Signature of officer authorized to administer oath)

[Persons making willful false statements in this report may be punished by fine or imprisonment under KRS 523.040 and 523.100.]