

July 17, 2006

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

RECEIVED
OCT 12 2006
PUBLIC SERVICE
COMMISSION 00370

Dear Ms. O'Donnell:

Case No. 2006-00446

Western Pulaski County Water District hereby notifies the Public Service Commission, pursuant to 807 KAR 5:001, Section 10(2) and 807 KAR 5:011, Section 8(1), of its intention to file an application for a general adjustment of water rates, using a historical test period, no sooner than four (4) weeks following your receipt of this notice. A copy of this shall be served upon the Attorney General, Office of Rate Intervention.

Sincerely,

Chairman 
Western Pulaski County Water District

Cc: Attorney General, Office of Rate Intervention



Ernie Fletcher
Governor

Lajuana S. Wilcher
Secretary

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

June 13, 2006

Ms. Amy Jo Kelley
Western Pulaski Water District
1059 West Highway 80
Somerset, KY 42503

Dear Ms. Kelley:

Enclosed please find a copy of the proposed rate application which Commission Staff has completed for Western Pulaski Water District. This application reflects operations using financial information for the year 2004, adjusted for any known and measurable changes occurring since then. The application is prepared based upon a revenue increase of \$232,763 (or 13.4%), as shown on page 2 of the application.

While the application reflects Staff's recommended revenues and rates, Western Pulaski is under no obligation to file it. In addition, if management would like to meet with Staff to discuss our recommendations, or to provide additional information for our consideration, we would be pleased to do so at your convenience.

If Western Pulaski decides to pursue the recommended rate increase, the District needs to properly notify its customers of the proposed rate increase, have an officer of the District sign the application on pages 3 and 4, and return an original and 10 copies of the application to the Commission. A copy should also be sent to the Office of the Attorney General at P.O. Box 2000, Frankfort, KY 40602-2000. **In addition, the District will need to attach a copy of its articles of incorporation and any amendments of them as Exhibit 10 to the application.** If the application is properly filed, the Commission will process it as quickly as possible. However, the District cannot begin charging new rates until such time as the Commission has granted its approval of such rates by a written Order.

If you have any questions about the application, please contact me at (502) 564-3940, ext. 453. Thank you for your cooperation, and it has been a pleasure to work with you on this matter.

Sincerely,

A handwritten signature in cursive script that reads "Jack Kaninberg".

Jack Kaninberg

Division of Financial Analysis

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

THE APPLICATION OF THE WESTERN PULASKI)
COUNTY WATER DISTRICT FOR APPROVAL OF) CASE NO. 2006-⁰⁰³⁷⁰~~00446~~
INCREASED RATES FOR WATER SERVICE)

STATEMENT AND NOTICE

Western Pulaski County Water District ("Western Pulaski"), by counsel, pursuant to KRS 278.180 and KRS 278.190, hereby petitions the Commission for approval of a proposed increase in its water rates and charges. In support of its application, Western Pulaski respectfully states as follows:

1. Western Pulaski is a non-profit water district that has been engaged in the distribution and sale of water. It currently provides water service to approximately 7,212 customers in Pulaski, Russell and Wayne counties in Kentucky. Western Pulaski is organized under KRS Chapter 74; attached are its articles of incorporation and any amendments thereto. Western Pulaski's principal office, place of business, and mailing address is 1059 West Highway 80, Somerset, Kentucky 42503.

2. The proposed increase in the rates and charges is necessary for Western Pulaski to meet its operating expenses, to maintain financial viability, and to continue to provide adequate service.

3. As authorized by KRS 278.192(1), and for the purpose of justifying the reasonableness of the proposed general increase in rates, Western Pulaski has utilized

an historical test period consisting of the twelve (12) consecutive calendar months ending December 31, 2004.

4. Western Pulaski's annual reports are on file with the Public Service Commission as required by 807 KAR 5:006, Section 3(1).

5. Western Pulaski hereby gives notice to the Public Service Commission of the adjustment of its rates to those rates set forth in Exhibit No. 1 in the filing requirements. The proposed rates will result in increased annual revenues of \$232,763, which is an increase of 13.4 percent over normalized revenues from water sales of \$1,737,600.

6. The proposed tariffs (Exhibit No. 1) are shown in comparative form on the same sheets, side by side, and those comparative sheets are identified as Exhibit No. 2 in the filing requirements.

7. Western Pulaski has complied with 807 KAR 5:011, Section 9, (2) and 807 KAR 5:001, Section 10, (3) and (4), by delivering to newspapers of general circulation in its service area a copy of the Notice identified as Exhibit No. 8 in the filing requirements for publishing once a week for three consecutive weeks in a prominent manner, the first of said publications to be made no later than seven (7) days after 9-30, 2006.

8. A copy of this filing has been mailed to the Utility Intervention and Rate Division of the Attorney General's office of the Commonwealth of Kentucky.

9. As required by 807 KAR 5:001, Section 10, (4), (f), Western Pulaski will post a copy of its Customer Notices (Exhibit No. 8) at its place of business on 9-30, 2006 and it will remain posted until the Public Service Commission has determined Western Pulaski's rates.

July 17, 2006

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

RECEIVED
OCT 12 2006
PUBLIC SERVICE
COMMISSION 00370

Dear Ms. O'Donnell:

Case No. 7006-00446

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Sincerely,

Chairman *Don Calder*
Western Pulaski County Water District

Cc: Attorney General, Office of Rate Intervention



Ernie Fletcher
Governor

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While the application reflects Staff's recommended revenues and rates, Western Pulaski is under no obligation to file it. In addition, if management would like to meet with Staff to discuss our recommendations, or to provide additional information for our consideration, we would be pleased to do so at your convenience.

If Western Pulaski decides to pursue the recommended rate increase, the District needs to properly notify its customers of the proposed rate increase, have an officer of the District sign the application on pages 3 and 4, and return an original and 10 copies of the application to the Commission. A copy should also be sent to the Office of the Attorney General at P.O. Box 2000, Frankfort, KY 40602-2000. **In addition, the District will need to attach a copy of its articles of incorporation and any amendments of them as Exhibit 10 to the application.** If the application is properly filed, the Commission will process it as quickly as possible. However, the District cannot begin charging new rates until such time as the Commission has granted its approval of such rates by a written Order.

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Division of Financial Analysis

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

THE APPLICATION OF THE WESTERN PULASKI)
COUNTY WATER DISTRICT FOR APPROVAL OF) CASE NO. 2006-⁰⁰³⁷⁰~~00446~~
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2. The proposed increase in the rates and charges is necessary for Western Pulaski to meet its operating expenses, to maintain financial viability, and to continue to provide adequate service.

3. As authorized by KRS 278.192(1), and for the purpose of justifying the reasonableness of the proposed general increase in rates, Western Pulaski has utilized

10. The list of the documents filed in support of Western Pulaski's application for approval of the proposed adjustment of rates or the explanation for their absence is contained in the Filing Requirement Index.

WHEREFORE, the Applicant, Western Pulaski County Water District requests that the Public Service Commission of Kentucky grant to the Applicant its proposal to increase its rates and charges as set forth in this Petition.

Dated at Somerset, Kentucky this 2/1/06.

WESTERN PULASKI WATER DISTRICT

By Don Cades
Chairman

LAW FIRM OR ATTORNEY

By William M. Taylor
(Attorney's Name)
(Attorney's Address)
(Post Office Box)
Somerset, Kentucky 4xxxx
(606) xxx-xxxx

COMMONWEALTH OF KENTUCKY)
)SS
COUNTY OF PULASKI)

The undersigned, Don Calder, being duly sworn, deposes and states he is the Chairman of the Western Pulaski Water District, Applicant, in the above proceedings; that he has read the foregoing Application and has noted the contents thereof; that the same is true of his own knowledge, except as to matters which are there stated on information or belief, and as to those matters, he believes same to be true.

IN TESTIMONY WHEREOF, witness the signature of the undersigned on this 8-1-06.

Don Calder

Chairman
Western Pulaski Water District

Subscribed and sworn to before me by Don Calder, Chairman of the Western Pulaski Water District, on this August 1, 2006.

My Commission Expires December 19, 2009

Kearin Marcum

Notary Public
In and for said County and State

Filing Requirement Index Historical Test Period Rate Case

Filing Requirements	Filing Requirement Description	Location or Absence Reason
807 KAR 5:001 Section 8(1)	Full name and P. O. address of applicant and reference to the particular provision of law requiring PSC approval.	Application – Page No. 1.
807 KAR 5:001 Section 8(2)	The original and 10 copies of application plus copy for anyone named as interested party.	The correct number of applications has been filed.
807 KAR 5:001 Section 10(1)(b)(1)	Reason adjustment is required.	Application – Page No. 1.
807 KAR 5:001 Section 10(1)(b)(2)	Statement that utility's annual reports, including the most recent calendar year, are filed with PSC. 807 KAR 5:006, Section 3(1)	Application – Page No. 2.
807 KAR 5:001 Section 10(1)(b)(3) & (5)	If utility is incorporated, certified copy of articles of incorporation and amendments or out of state documents of similar import. If they have already been filed with PSC refer to the style and case number of the prior proceeding and file a certificate of good standing or authorization dated within 60 days of date application filed.	Application – Exhibit 10
807 KAR 5:001 Section 10(1)(b)(4) & (5)	If applicant is limited partnership, certified copy of limited partnership agreement. If agreement filed with PSC refer to style and case number of prior proceeding and file a certificate of good standing or authorization dated within 60 days of date application filed.	N/A – Western Pulaski is not a limited partnership.
807 KAR 5:001 Section 10(1)(b)(6)	Certified copy of certificate of assumed name required by KRS 365.015 or statement that certificate not necessary.	N/A – Western Pulaski has never used an assumed name.
807 KAR 5:001 Section 10(1)(b)(7)	Proposed tariff in form complying with 807 KAR 5:011 effective not less than 30 days from date application filed.	Exhibit No. 1.
807 KAR 5:001 Section 10(1)(b)(8)	Proposed tariff changes shown by present and proposed tariffs in comparative form or by indicating additions in italics or by underscoring and striking over deletions in	Exhibit No. 2.

**Filing Requirement Index
Historical Test Period Rate Case**

**Filing Requirement
Description**

**Filing
Requirements**

	Filing Requirement Description	Location or Absence Reason
Section 10(1)(b)(9)	807 KAR 5:001, Section 10 with copy.	Exhibit No. 8.
807 KAR 5:001 Section 10(2)	If gross annual revenues exceed \$1,000,000, written notice of intent filed at least 4 weeks prior to application. Notice shall state whether application will be supported by historical or fully forecasted test period.	Written notice was filed on _____, 2006.
807 KAR 5:001 Section 10 (6)(a)	Complete description and quantified explanation for proposed adjustments with support for changes in price or activity levels, and other factors affecting the adjustment.	Exhibit No. 4.
807 KAR 5:001 Section 10 (6)(b) & (c)	If gross annual revenues exceed \$1,000,000, prepared testimony of each witness who will support the application. If less than \$1,000,000, prepared testimony of each witness who will support application or statement that utility does not plan to submit prepared testimony.	Waiver requested - Commission Staff assisted with the application and therefore Western Pulaski does not intend to submit prepared testimony.
807 KAR 5:001 Section 10 (6)(d)	Estimate of effect that new rate(s) will have on revenues including, at minimum, total revenues resulting from increase or decrease and percentage of increase or decrease.	Application – Page No. 2.
807 KAR 5:001 Section 10 (6)(e)	If electric, gas, water or sewer utility effect upon the average bill for each customer classification to which change will apply.	Exhibit No. 7 (Cost-of-Service Study).
807 KAR 5:001 Section 10 (6)(f)	If local exchange company, effect upon the average bill for 807 each customer class for change in basic local service.	N/A – Western Pulaski is a Water District.
807 KAR 5:001 Section 10 (6)(g)	Analysis of customers' bills in such detail that revenues from present and proposed rates can be readily determined for each customer class.	Exhibit No 5.
807 KAR 5:001 Section 10 (6)(h)	Summary of determination of revenue requirements based on return on net investment rate base, return on	Exhibit No. 4.

**Filing Requirement Index
Historical Test Period Rate Case**

Filing Requirements	Filing Requirement Description	Location or Absence Reason
807 KAR 5:001 Section 10 (6)(i)	Reconciliation of rate base and capital used to determine revenue requirements.	N/A – Revenue Requirement reflects Debt Service Coverage.
807 KAR 5:001 Section 10 (6)(j):	Current chart of accounts if more detailed than the Uniform System of Accounts.	Not applicable
807 KAR 5:001 Section 10 (6)(k)	Independent auditor's annual opinion report, with any written communication from auditor, which indicates existence of material weakness in internal controls.	The 2004 Audit Report is attached as Exhibit 9.
807 KAR 5:001 Section 10 (6)(l):	The most recent FERC or FCC audit reports.	N/A to a Water District
807 KAR 5:001 Section 10 (6)m	The most recent FERC Form 1 (electric), FERC Form 2 (gas), or Automated Reporting Management Information System Report (telephone) and PSC Form T (telephone).	N/A to a Water District
807 KAR 5:001 Section 10 (6)(n)	Summary of latest depreciation study with schedules by major plant accounts, except that telecommunications utilities adopting PSC's average depreciation rates shall provide schedule identifying current and test period depreciation rates used by major plant accounts. If filed in another PSC case refer to that case's number and style.	Exhibit No. 6.
807 KAR 5:00 Section 10 (6)(o)	List of all commercial or in-house computer software, programs, and models used to develop schedules and work papers associated with the filing. Include each software, program, or model; what each was used for; its supplier; brief description and specifications for the computer hardware and the operating system required to run the program.	Word
807 KAR 5:001 Section 10 (6)(n)	Prospectuses of most recent stock or bond offerings.	N/A to a Water District

**Filing Requirement Index
Historical Test Period Rate Case**

**Filing Requirement
Description**

**Filing
Requirements**

	Filing Requirement Description	Location or Absence Reason
807 KAR 5:001 Section 10 (6)(r)	date. Monthly managerial reports providing financial results for 12 months in test period.	Western Pulaski requests a waiver from this filing requirement as it does not produce monthly managerial reports on a routine basis, and their production at this time would result in additional expense.
807 KAR 5:001 Section 10 (6)(s)	SEC's annual report for most recent 2 years, Form 10-Ks and any Form 8-Ks issued within past 2 years, and Form 10-Qs issued during the past 6 quarters updated as current information becomes available.	N/A to a Water District
807 KAR 5:001 Section 10 (6)(t)	If utility had any amounts charged or allocated to it by affiliate or general or home office, or paid any monies to affiliate or general or home office during test period or during previous 3 calendar years, file: 1. Detailed description of method of calculation and amounts allocated or charged to utility by affiliate or general or home office for each charge allocation or payment; 2. Explanation of how allocator for the test period was determined; and 3. All facts relied upon, including other regulatory approval, to demonstrate that each amount charged, allocated or paid during test period was reasonable;	N/A – There are no affiliate allocations.

**Filing Requirement Index
Historical Test Period Rate Case**

**Filing Requirement
Description**

**Filing
Requirements**

	Filing Requirement Description	Location or Absence Reason
807 KAR 5:001 Section 10 (6)(u)	If gas, electric or water utility, whose annual gross revenues exceed \$5,000,000, cost of service study based on methodology generally accepted in industry and based on current and reliable data from a single time period.	Exhibit No. 7.
807 KAR 5:001 Section 10 (6)(v)	Local exchange carriers with fewer than 50,000 access lines need not file cost of service studies, except as specifically directed by PSC. Local exchange carriers with more than 50,000 access lines shall file: 1. Jurisdictional separations study consistent with Part 36 of the FCC's rules and regulations; and 2. Service specific cost studies to support pricing of all services that generate annual revenue greater than \$1,000,000, except local exchange access: (a) Based on current and reliable data from a single time period; and (b) Using generally recognized fully allocated, embedded, or incremental cost principles.	N/A to a Water District
807 KAR 5:001 Section 10 (7)(a)	Detailed income statement and balance sheet reflecting impact of all proposed adjustments	Exhibit No. 3.
807 KAR 5:001 Section 10 (7)(b)	Most recent capital construction budget containing at least period of time as proposed for any pro forma adjustment for plant additions.	NA – There are no pro forma adjustments for plant additions.

**Filing Requirement Index
Historical Test Period Rate Case**

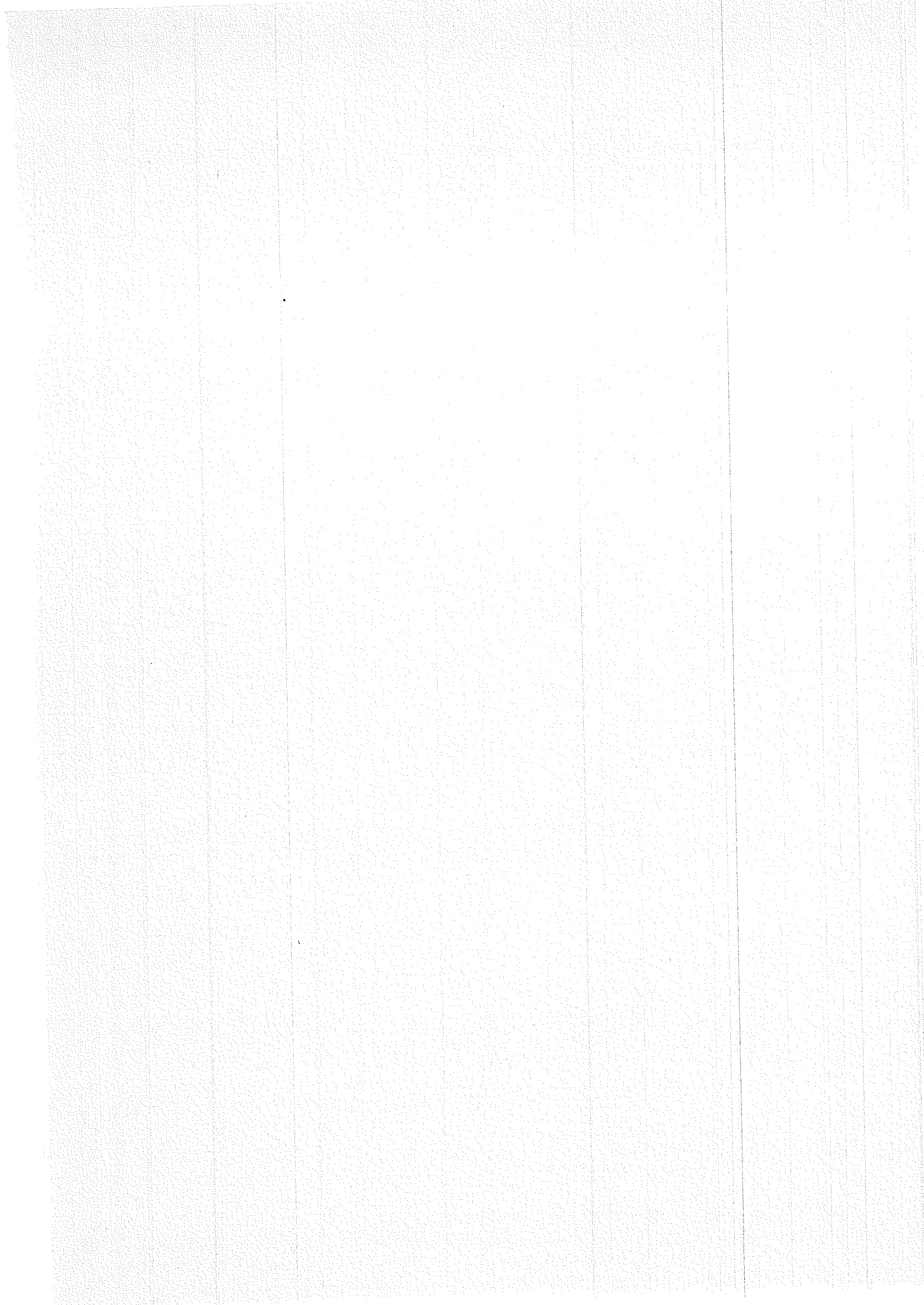
Filing Requirements	Filing Requirement Description	Location or Absence Reason
807 KAR 5:001 Section 10 (7)(c)	<p>For each proposed pro forma adjustment reflecting plant additions the following information:</p> <ol style="list-style-type: none"> 1. Starting date of the construction of each major component of plant; 2. Proposed in-service date; 3. Total estimated cost of construction at completion; 4. Amount contained in construction work in progress at end of test period; 5. Complete description of actual plant retirements and anticipated plant retirements related to the pro forma plant additions including the actual or anticipated date of retirement; 6. Original cost, cost of removal and salvage for each component of plant to be retired during the period of the proposed pro forma adjustment for plant additions; 7. Explanation of any differences in amounts contained in the capital construction budget and amounts of capital construction cost contained in the pro forma adjustment period; and 	NA – There are no pro forma adjustments for plant additions.

**Filing Requirement Index
Historical Test Period Rate Case**

Filing Requirements	Filing Requirement Description	Location or Absence Reason
807 KAR 5:001 Section 10 (7)(e)	forma adjustments for plant additions and retirements; Number of customers to be added to the test period – end level of customers and the related revenue requirements impact for all pro forma adjustments with complete details and supporting work papers.	Exhibit No. 4.

Exhibit Index

<u>Exhibit Title</u>	<u>Number</u>
Proposed Tariff	1
Comparison of Proposed & Current Tariff	2
Pro Forma Financial Statements	3
Pro Forma Adjustment Descriptions/Revenue Requirements Determination	4
Billing Analysis	5
Analysis of Depreciation	6
Cost of Service Study	7
Customer Notification	8
2004 Audit Report	9
Articles of Incorporation/Amendments	10



FOR Pulaski, Wayne & Russell Cos. Kentucky
Community, Town or City
P.S.C. KY. NO. _____
SHEET NO. _____

Western Pulaski County Water District
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____
SHEET NO. _____

RATES

A. MONTHLY RATE:

5/8" x 3/4" Meter

First 2,000 gallons \$12.70 Minimum Bill
Over 2,000 gallons 4.50 per 1,000 gallons

1" Meter

First 10,000 gallons \$48.70 Minimum Bill
Over 10,000 gallons 4.50 per 1,000 gallons

1 1/2" Meter

First 15,000 gallons \$71.20 Minimum Bill
Over 15,000 gallons 4.50 per 1,000 gallons

2" Meter

First 20,000 gallons \$93.70 Minimum Bill
Over 20,000 gallons 4.50 per 1,000 gallons

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE _____
Month / Date / Year

ISSUED BY _____
(Signature of
Officer)

TITLE _____

BY AUTHORITY OF ORDER OF THE PUBLIC
SERVICE COMMISSION

IN CASE NO. _____ DATED _____

FOR Pulaski, Wayne & Russell Cos. Kentucky
Community, Town or City
P.S.C. KY. NO. _____
SHEET NO. _____

Western Pulaski County Water District
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____
SHEET NO. _____

RATES

E. Purchased Water Rates:	Rate
	\$2.50 per 1,000 gallons
F. Leak Adjustment	\$3.20 per 1,000 gallons

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE _____
Month / Date / Year

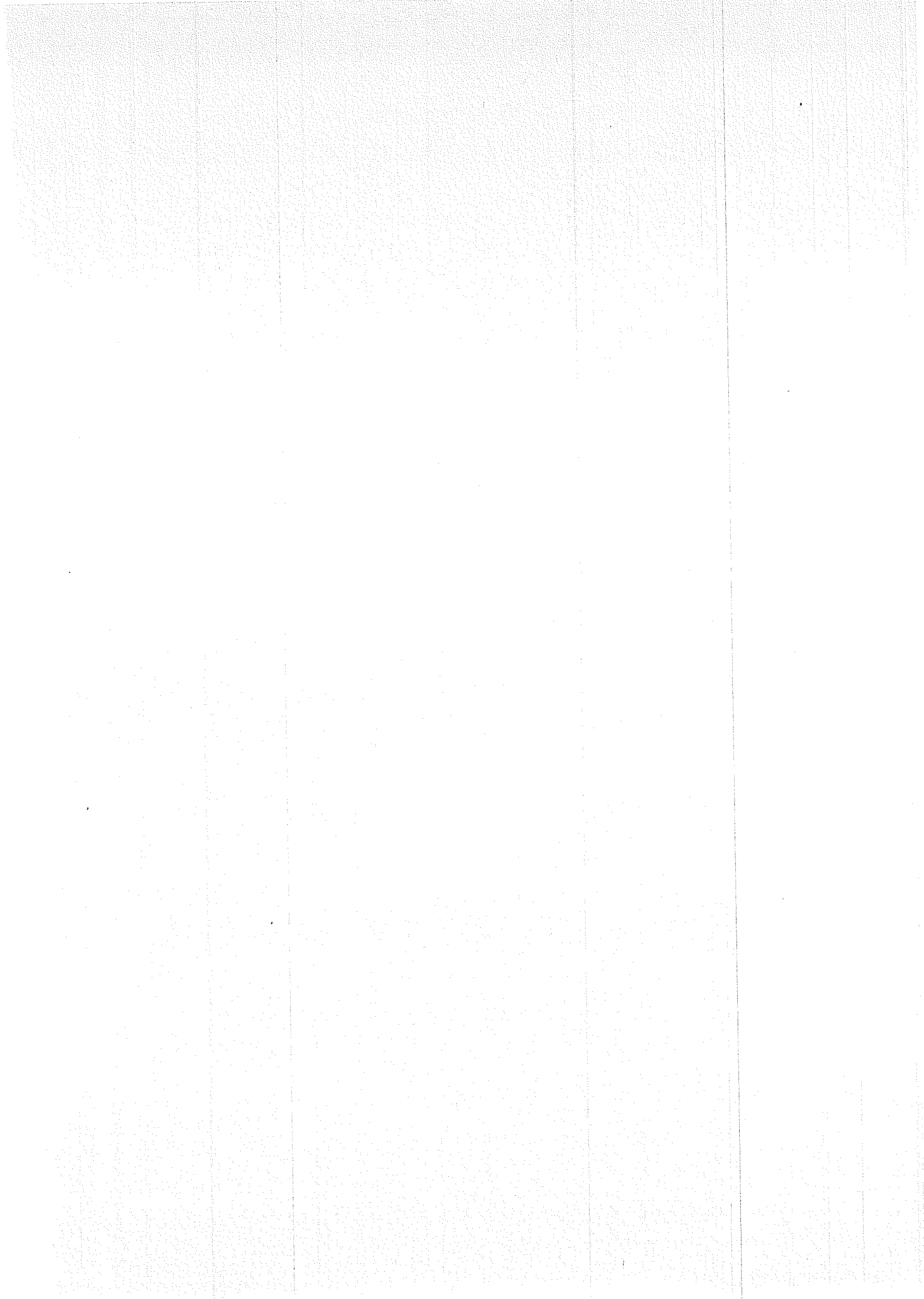
ISSUED BY _____
(Signature of

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BY AUTHORITY OF ORDER OF THE PUBLIC
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IN CASE NO. _____ DATED _____



Western Pulaski Water District

Tariff Sheets

FOR Pulaski, Wayne & Russell Cos. Kentucky
Community, Town or City
P.S.C. KY. NO. _____
SHEET NO. _____

Western Pulaski County Water District
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____
SHEET NO. _____

RATES

A. MONTHLY RATE:

		<u>Current</u>	<u>Proposed</u>
<u>5/8" x 3/4" Meter</u>			
First	2,000 gallons	\$10.00 Minimum Bill	\$12.70 Minimum Bill
Over	2,000 gallons	4.50 per 1,000 gallons	4.50 per 1,000 gallons
<u>1" Meter</u>			
First	10,000 gallons	\$46.00 Minimum Bill	\$48.70 Minimum Bill
Over	10,000 gallons	4.50 per 1,000 gallons	4.50 per 1,000 gallons
<u>1 1/2" Meter</u>			
First	15,000 gallons	\$68.50 Minimum Bill	\$71.20 Minimum Bill
Over	15,000 gallons	4.50 per 1,000 gallons	4.50 per 1,000 gallons
<u>2" Meter</u>			
First	20,000 gallons	\$91.00 Minimum Bill	\$93.70 Minimum Bill
Over	20,000 gallons	4.50 per 1,000 gallons	4.50 per 1,000 gallons

DATE OF ISSUE _____
Month / Date / Year

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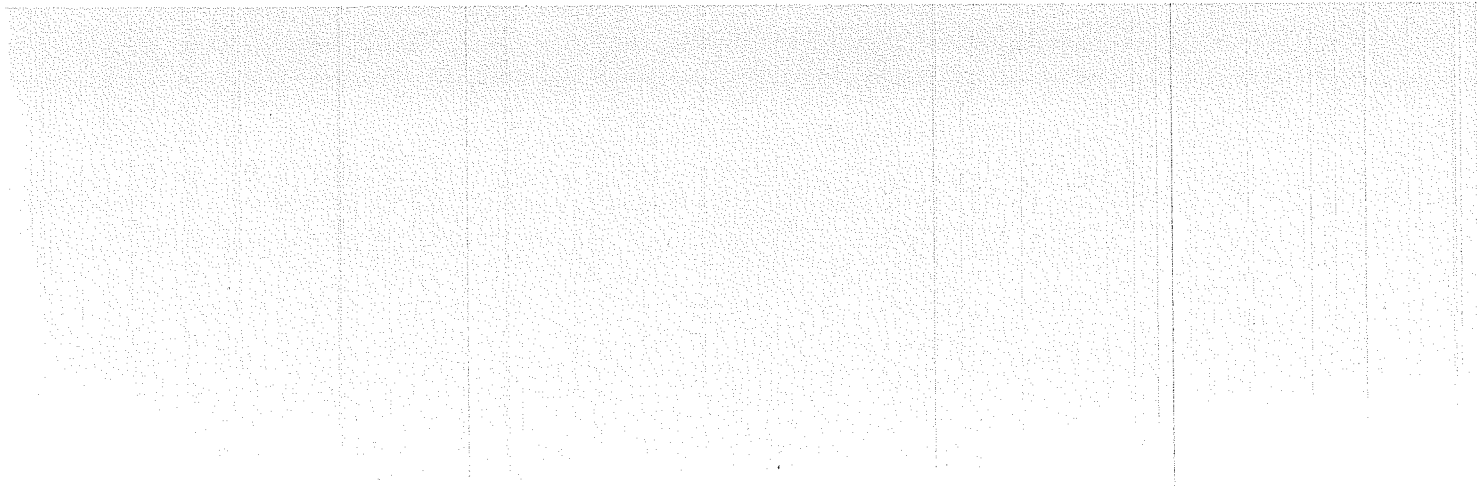
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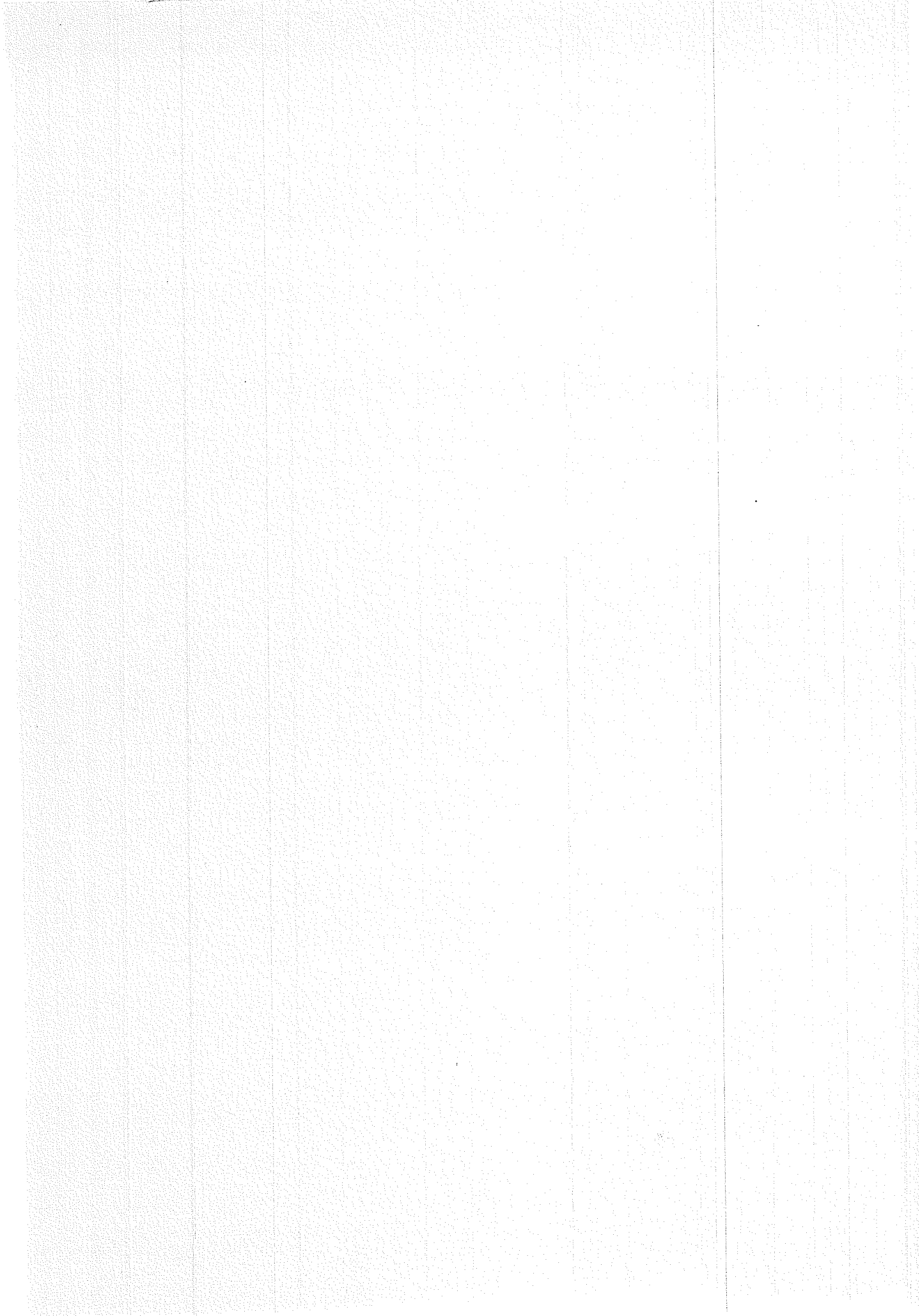
W. Pulaski WD-Exhibit No. 3 Income Statement with Proposed Increase Included	2004	Adjustments	Proforma
Metered Sales	\$1,607,074	\$130,526 \$232,763	\$1,970,363
Other Water Revenue	56,225	0	\$56,225
Tot. Op. Revenues	\$1,663,299	\$363,289	\$2,026,588
Employee Salaries	\$176,788	\$3,652	\$180,440
Officer Salaries	8,683	0	\$8,683
Empl. Pensions/Benefits	27,199	0	\$27,199
Purchased Water	823,358	(\$61,766)	\$761,592
Materials/Supplies	126,217	(\$25,355)	\$100,862
Contract Sev. – Eng.	3,723	0	\$3,723
Contract. Serv.-Acct.	6,000	0	6,000
Contract. Serv.-Legal	663	(\$663)	0
Contract. Serv.-Testing	5,901	0	\$5,901
Contract Serv. - Other	79,481	0	\$79,481
Rental of Bldg/Property	8,400	0	\$8,400
Transportation Exp.	15,176	0	\$15,176
Insurance-Vehicles	3,579	0	\$3,579
Ins.-Gen. Liability	24,453	0	\$24,453
Ins.-Workers Comp	7,206	0	\$7,206
Ins. - Other	2,325	0	\$2,325
Advertising Expense	340	0	\$340
Bad Debt Expense	1,854	0	\$1,854
Misc. Exp.	59,467	0	\$59,467
<i>Tot. Water Util. Exp.</i>	<i>1,380,813</i>	<i>(\$84,132)</i>	<i>\$1,296,681</i>
Depreciation Expense	\$377,704	\$12,287	\$389,991
Taxes OT Income	\$18,325	(\$1,513)	\$16,812
Total Op. Expenses	\$1,776,842	(73,358)	\$1,703,484
Total Op. Income	(\$113,543)	\$436,647	\$323,104
Interest Income	\$11,855	(\$8,121)	\$3,734
Interest Expense	\$192,953	\$3,588	\$189,365
<i>Net Income</i>	<i>(\$294,641)</i>	<i>\$432,114</i>	<i>\$137,473</i>

Proforma Expenses	\$1,703,484
Debt Service Coverage	\$326,838
Revenue Requirement	\$2,030,322
Less Normalized Revenue	\$1,793,825
Less Interest Income	\$3,734
Requested Increase (13.4%)	\$232,763

WESTERN PULASKI COUNTY WATER DISTRICT
BALANCE SHEETS
December 31, 2004 and 2003

ASSETS	<u>2004</u>	<u>2003</u>
Current Assets		
Cash and cash equivalents	\$ 220,598	\$ 270,206
Accounts receivable (Note 4)	283,013	355,736
Prepaid insurance	4,271	5,100
Total Current Assets	<u>507,882</u>	<u>631,042</u>
 Restricted cash	 478,920	 426,823
 Fixed Assets		
Utility plant in service	13,932,516	13,193,740
Accumulated depreciation (Notes 1 and 6)	<u>(3,673,833)</u>	<u>(3,296,128)</u>
Total Fixed Assets	<u>10,258,683</u>	<u>9,897,612</u>
 TOTAL ASSETS	 <u><u>\$ 11,245,485</u></u>	 <u><u>\$ 10,955,477</u></u>
 LIABILITIES AND FUND EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 116,359	\$ 115,388
Accrued interest	96,759	98,159
Advance for construction	457,077	360,892
Current portion of long-term debt	75,000	58,000
Total Current Liabilities	<u>745,195</u>	<u>632,439</u>
 Long Term Liabilities		
Bonds payable	<u>4,042,000</u>	<u>4,117,000</u>
Total Long-Term Liabilities	4,042,000	4,117,000
 FUND EQUITY		
Tap fees	2,554,256	2,447,296
Federal grants in aid of construction	4,639,777	4,199,842
Retained earnings		
Appropriated	136,730	136,730
Unappropriated (Note 8)	<u>(872,473)</u>	<u>(577,830)</u>
Total Fund Equity	<u>6,458,290</u>	<u>6,206,038</u>
 TOTAL LIABILITIES AND FUND EQUITY	 <u><u>\$ 11,245,485</u></u>	 <u><u>\$ 10,955,477</u></u>

See independent auditor's report and notes to financial statements.



Western Pulaski WD Exhibit No. 4	2004	Adjustments	Ref.	Proforma
Metered Sales	\$1,607,074	\$130,526		\$1,737,600
Other Water Revenue	56,225	0		\$56,225
Tot. Op. Revenues	\$1,663,299	\$130,526	(A)	\$1,793,825
Employee Salaries	\$176,788	\$3,652	(B)	\$180,440
Officer Salaries	8,683	0		\$8,683
Empl. Pensions/Benefits	27,199	0		\$27,199
Purchased Water	823,358	(\$61,766)	(C)	\$761,592
Materials/Supplies	126,217	\$1,200 (\$26,555)	(D)	\$100,862
Contract Sev. – Eng.	3,723	0		\$3,723
Contract. Serv.-Acct.	6,000	0		6,000
Contract. Serv.-Legal	663	(\$663)	(E)	0
Contract. Serv.-Testing	5,901	0		\$5,901
Contract Serv. - Other	79,481	0		\$79,481
Rental of Bldg/Property	8,400	0		\$8,400
Transportation Exp.	15,176	0		\$15,176
Insurance-Vehicles	3,579	0		\$3,579
Ins.-Gen. Liability	24,453	0		\$24,453
Ins.-Workers Comp	7,206	0		\$7,206
Ins. - Other	2,325	0		\$2,325
Advertising Expense	340	0		\$340
Bad Debt Expense	1,854	0		\$1,854
Misc. Exp.	59,467	0		\$59,467
<i>Tot. Water Util. Exp.</i>	<i>1,380,813</i>	<i>(\$84,132)</i>		<i>\$1,296,681</i>
Depreciation Expense	\$377,704	\$12,944 (\$1,558) \$901	(F)	\$389,991
Taxes OT Income	\$18,325	(\$1,513)	(G)	\$16,812
Total Op. Expenses	\$1,776,842	(73,358)		\$1,703,484
Total Op. Income	(\$113,543)	\$203,884		\$90,341
Interest Income	\$11,855	(\$8,121)	(H)	\$3,734
Interest Expense	\$192,953	\$3,588	(I)	\$189,365
<i>Net Income</i>	<i>(\$294,641)</i>	<i>\$199,351</i>		<i>(\$95,290)</i>

Proforma Expenses	\$1,703,484
Debt Service Coverage	\$326,838
Revenue Requirement	\$2,030,322
Less Normalized Revenue	\$1,793,825
Less Interest Income	\$3,734
Requested Increase (13.4%)	\$232,763

Debt Service(RD Bonds):

1/1/06 - \$79,000 Principal

1/1/07 - \$82,500 Principal

1/1/08 - \$87,500 Principal

Total - \$249,000/3 = \$ 83,000 Average

Interest for 2005 = \$189,365

Total Debt Service = \$272,365

DSC at 1.2x = \$326,838

Explanatory Notes

A. Normalized Revenues based upon Commission Staff's billing analysis.

B. Normalized Salaries Expense based upon salaries and wage rates in effect in January 2006 :

Position	weekly	previous	Increase	Proforma
Office Manager hired in 2006			\$24,000	\$24,000
Amy Jo Kelly		\$26,500	\$1,500	\$28,000
Glinda Mathis (\$8.50 to \$9)	\$360		\$1,040	\$18,720
Patricia Marcum (\$7.75 to \$8.50)	\$340		\$1,560	\$17,680
Kevin Marcum (Now \$14.50)	\$580			\$30,160
Sam Hudson (Now \$12.25)	\$490			\$25,480
Joe McClinton (\$8.50 to \$9.50)	\$380		\$2,080	\$19,760
Jaycee Shepherd (\$7.50 to \$8)	\$320		\$1,040	\$16,640
		\$149,220	\$31,220	\$180,440

C. Purchased Water Expense based upon normalized sales and an adjustment to reflect allowable line loss.

100% Purchases at \$2 per thousand	2004	Normalized
100% Purchases (Th. Gallons)	411,663	393,958.390
Purch. Water Expense	\$823,358	\$787,917
Sales (Gallons) (82.16%)	338,206,000	323,676,226
Line Loss (17.84%)	73,457,000	70,282,164
Total	411,663,000	393,958,390
Total if 15% line loss	397,889,410	380,795,550
Excess line loss gallons	13,773,590	13,162,840
X \$2 per thousand	\$2.00	\$2.00
Line Loss Adjustment	\$27,548	\$26,325
Purchased Water Expense	\$823,358	\$787,917
Line Loss Adjustment	\$27,548	\$26,325
Allowable Purchased Water Expense	\$795,810	\$761,592

D. Materials and Supplies Expense adjusted to increase postage expense by \$1,200 per year based on recent increases in postage rates, and to exclude the following nonrecurring capital expenditures:

Date		Amount
9/20/04	Wilson & Roy-Coldwater Creek Repair	\$15,465
10/7/04	Neptune Equipment - Meters	\$3,150
11/19/04	Wilson & Roy-Tick Ridge Fire Dept.	\$7,940
	Total Reduction	\$26,555

E. Legal Expense removed because the District will now use the County Attorney for legal work.

F. Depreciation expense was adjusted to normalize for plant added during 2004, an adjustment of \$12,944, as follows:

Plant Item- 2004 Additions & Date	Cost	Life	Full Yrs. Deprec.	2004 Deprec.	Adjustment
Line Extension-6/30	\$584,406	40	\$14,610	\$7,305	\$7,305
Meters, Etc.-6/30	\$113,805	25	\$4,552	\$2,276	\$2,276
Office Equipmt.-6/30	\$11,873	5	\$2,375	\$1,187	\$1,188
Copier-12/15	\$4,250	5	\$850	\$425	\$425
Truck – 6/30	\$17,500	5	\$3,500	\$1,750	\$1,750
Total Adj.				Total	\$12,944

In addition, Western Pulaski's 2004 depreciation schedule reflected depreciation expense of \$376,146 rather than the \$377,704 reported in the 2004 annual report, a reduction of \$1,558. Finally, depreciation expense was increased by \$901 to allow recovery of the capital expenditures excluded from Materials and Supplies Expense, as follows:

Date		Amount	Life (Years)	Adjustment
9/20/04	Coldwater Creek Repair	\$15,465	40	\$387
10/7/04	Neptune Meters	\$3,150	10	\$315
11/19/04	Tick Ridge Fire Dept. Extension	\$7,940	40	\$199
	Total	\$26,555		\$901

G. Proforma Taxes Other than Income based upon a PSC Assessment Fee of \$3,008 and normalized FICA tax of \$13,804 (7.65% x salaries and wages of \$180,440).

H. Interest Income reduced because 68.5% of cash assets were restricted at year-end.

I. Interest Expense reduced by \$3,588 to reflect more current Interest Expense.

Western Pulaski Water District

Billing Analysis

CURRENT RATES

TEST PERIOD 2004

COMBINED TABLES

METER SIZE	USAGE	BILLS	TOTAL REVENUE
5/8" x 3/4"	301,660,219	85,973	\$1,627,707
1"	9,072,197	407	47,101
1 1/2 "	2,004,900	12	9,034
2"	10,938,910	156	53,758
Leak Adjustment	1,198,020		2,995
	<hr/> 324,874,246	<hr/> 86,548	<hr/> \$1,737,600

TEST PERIOD 2004

USAGE TABLE
METER SIZE: 5/8" X 3/4"

	USAGE	BILLS	GALLONS	FIRST 2,000	OVER 2,000
FIRST	2,000	32,008	23,068,606	23,068,606	
OVER	2,000	53,965	278,591,613	107,930,000	170,661,613
TOTAL		85,973	301,660,219	130,998,606	170,661,613

REVENUE TABLE
REVENUE BY RATE INCREMENT

	USAGE	BILLS	GALLONS	RATE	REVENUE
FIRST	2,000	85,973	130,998,606	\$10.00	\$859,730
OVER	2,000		170,661,613	4.50	767,977
TOTAL		85,973	301,660,219		\$1,627,707

TEST PERIOD 2004

USAGE TABLE
METER SIZE: 1"

	USAGE	BILLS	GALLONS	FIRST 10,000	OVER 10,000
FIRST	10,000	219	885,745	885,745	
OVER	10,000	188	8,186,452	1,880,000	6,306,452
TOTAL		407	9,072,197	2,765,745	6,306,452

REVENUE TABLE

REVENUE BY RATE INCREMENT

	USAGE	BILLS	GALLONS	RATE	REVENUE
FIRST	10,000	407	2,765,745	\$46.00	\$18,722.00
OVER	10,000		6,306,452	4.50	28,379.03
TOTAL		407	9,072,197		\$47,101.03

TEST PERIOD 2004

USAGE TABLE
METER SIZE: 1 1/2"

	USAGE	BILLS	GALLONS	FIRST 15,000	OVER 15,000
FIRST	15000	0	0	0	
OVER	15000	12	2,004,900	180,000	1,824,900
TOTAL		12	2,004,900	180,000	1,824,900

REVENUE TABLE

REVENUE BY RATE INCREMENT

	USAGE	BILLS	GALLONS	RATE	REVENUE
FIRST	15,000	12	180,000	\$68.50	\$822.00
OVER	15,000		1,824,900	4.50	8,212.05
TOTAL		12	2,004,900		\$9,034.05

TEST PERIOD 2004

USAGE TABLE
METER SIZE: 2"

	CLASS: USAGE	BILLS	GALLONS	FIRST 20,000	OVER 20,000
FIRST	20,000	57	167,410	167,410	
OVER	20,000	99	10,771,500	1,980,000	8,791,500
TOTAL		156	10,938,910	2,147,410	8,791,500

REVENUE TABLE

REVENUE BY RATE INCREMENT

		BILLS	GALLONS	RATE	REVENUE
FIRST	20,000	156	2,147,410	\$91.00	\$14,196.00
OVER	20,000		8,791,500	4.50	39,561.75
TOTAL		156	10,938,910		\$53,757.75

Western Pulaski Water District

Billing Analysis

PROPOSED RATES

TEST PERIOD 2004

USAGE TABLE
METER SIZE: 5/8" X 3/4"

	USAGE	BILLS	GALLONS	FIRST 2,000	OVER 2,000
FIRST	2,000	32,008	23,068,606	23,068,606	
OVER	2,000	53,965	278,591,613	107,930,000	170,661,613
	TOTAL	85,973	301,660,219	130,998,606	170,661,613

REVENUE TABLE

REVENUE BY RATE INCREMENT

		BILLS	GALLONS	RATE	REVENUE
FIRST	2,000	85,973	130,998,606	\$12.70	\$1,091,800
OVER	2,000		170,661,613	4.50	767,950
	TOTAL	85,973	301,660,219		\$1,859,750

TEST PERIOD 2004

USAGE TABLE
METER SIZE: 1"

	USAGE	BILLS	GALLONS	FIRST 10,000	OVER 10,000
FIRST	10,000	219	885,745	885,745	
OVER	10,000	188	8,186,452	1,880,000	6,306,452
	TOTAL	407	9,072,197	2,765,745	6,306,452

REVENUE TABLE

REVENUE BY RATE INCREMENT

		BILLS	GALLONS	RATE	REVENUE
FIRST	10,000	407	2,765,745	\$48.70	\$19,820.90
OVER	10,000		6,306,452	4.50	28,379.03
	TOTAL	407	9,072,197		\$48,199.93

TEST PERIOD 2004

**USAGE TABLE
METER SIZE: 1 1/2"**

	USAGE	BILLS	GALLONS	FIRST 15,000	OVER 15,000
FIRST	15000	0	0	0	
OVER	15000	12	2,004,900	180,000	1,824,900
	TOTAL	12	2,004,900	180,000	1,824,900

REVENUE TABLE

REVENUE BY RATE INCREMENT

		BILLS	GALLONS	RATE	REVENUE
FIRST	15,000	12	180,000	\$71.20	\$854.40
OVER	15,000		1,824,900	4.50	8,212.05
	TOTAL	12	2,004,900		\$9,066.45

TEST PERIOD 2004

USAGE TABLE
METER SIZE: 2"

	USAGE	BILLS	GALLONS	FIRST 20,000	OVER 20,000
FIRST	20,000	57	167,410	167,410	
OVER	20,000	99	10,771,500	1,980,000	8,791,500
	TOTAL	156	10,938,910	2,147,410	8,791,500

REVENUE TABLE

REVENUE BY RATE INCREMENT

	USAGE	BILLS	GALLONS	RATE	REVENUE
FIRST	20,000	156	2,147,410	\$93.70	\$14,617.20
OVER	20,000		8,791,500	4.50	39,561.75
	TOTAL	156	10,938,910		\$54,178.95

WESTERN POLASKI COUNTY WATER DISTRICT
Federal Depreciation Report
Tax year 01/01/04 - 12/31/04

02/01/06
216

Feb. 01 2006 11:55AM P1

Asset #	Purchase Date	Description	Life Yr	Dep'r Mth	MAC	Cost	Basis	Prior	Current	Total	Remaining Basis
1	06/30/00	LAND & LAND RIGHTS	0.0			82,545	82,545	0	0	0	82,545
Subtotal for Asset acct# 10103											
2	06/30/00	DISTRIBUTION RESERVOIRS	40.0	M-RS	HY	0	43,277	34,465	614	35,079	8,198
Subtotal for Asset acct# 10105											
3	06/30/00	ELECTRIC PUMPING PLANT	25.0	M-RS	HY	0	27,629	27,629	0	27,629	0
Subtotal for Asset acct# 10111											
4	06/30/00	CLIFFY ROAD PUMP STATION	0.0	M-RS	HY	0	90,625	7,250	3,625	10,875	79,750
Subtotal for Asset acct# 10112											
5	06/30/02	2002 LINE EXTENSION	40.0	M-S/L	HY		1,710,018	21,375	42,750	64,125	1,845,893
6	06/30/03	2003 LINE EXTENSION	40.0	M-S/L	HY		2,107,512	26,344	52,688	79,032	2,028,480
7	06/30/04	2004 LINE EXTENSION	40.0	M-S/L	HY		584,406	0	7,305	7,305	577,101
Subtotal for Asset acct# 10120											
8	06/30/00	TRANSMISSION & DISTRIBUTION LINES	50.0	M-S/L	HY		5,463,862	1,733,394	109,277	1,842,671	3,621,191
9	06/30/00	TRANSMISSION & DISTRIBUTION LINES	40.0	M-S/L	HY		1,368,593	556,149	34,215	590,364	778,229
10	06/30/03	TRANSMISSION & DISTRIBUTION	40.0	M-S/L	HY		14,163	177	354	531	13,632
Subtotal for Asset acct# 10131											
11	06/30/00	SERVICES	25.0	M-S/L	HY		568,482	189,268	22,739	212,007	356,475

FRM : JACK B PIGMAN CPA
FRX NO. : 6066797673

WESTERN WISCONSIN COUNTY WATER DISTRICT
Federal Depreciation Report
Tax Year 01/01/04 - 12/31/04

Asset #	Purchase Date	Description	Depr Meth	MAC Con	Cost	Basis	Prior	Current	Total	Remaining Basis
Subtotal for Asset acct# 10133										
12	06/30/00	METERS & INSTRUMENTATION	25.0	M-S/L	HY	1,488,988	1,488,988	59,560	582,059	906,929
13	06/30/04	METERS & INSTRUMENTATION	25.0	M-S/L	HY	113,805	113,805	2,276	2,276	111,529
Subtotal for Asset acct# 10134										
14	06/30/00	HYDRANTS	25.0	M-S/L	HY	20,147	20,147	27	20,147	0
Subtotal for Asset acct# 10135										
15	06/30/00	OFFICE EQUIPMENT	7.0	M-S/L	HY	98,236	98,236	14,034	96,760	1,476
16	06/30/03	OFFICE EQUIPMENT	5.0	M-S/L	HY	21,522	21,522	4,304	6,456	15,066
17	06/30/04	OFFICE EQUIPMENT	5.0	M-S/L	HY	11,873	11,873	1,187	1,187	10,686
18	12/15/04	COPIER	5.0	M-S/L	HY	4,250	4,250	425	425	3,825
Subtotal for Asset acct# 10140										
Subtotal for Asset acct# 10141										
19	06/30/00	TRUCKS	5.0	M-S/L	HY	85,977	85,977	17,195	83,722	2,255
20	06/30/04	TRUCK	5.0	M-S/L	HY	17,500	17,500	1,750	1,750	15,750
Subtotal for Asset acct# 10142										
21	06/30/00	RADIOS	5.0	M-S/L	HY	9,106	9,106	1,821	7,874	1,232
Subtotal for Asset acct# 10143										

02/01/06
216

Feb. 01 2006 11:56AM P2

WETERN PULASKI COUNTY WATER DISTRICT
Federal Depreciation Report
Tax Year 01/01/04 - 12/31/04

Asset #	Purchase Date	Description	Depr Meth	WAC	Con Misc	Cost	Basis	Depreciation		Total	Remaining Basis	
								Prior	Current			
Total for all assets												
							13,932,516	13,932,516	3,296,128	3,672,274	10,260,242	
Total number of assets = 21												

Current year Section 179 and Bonus Depr

Asset #	Purchase Date	Description	Cost	Section 179	Bonus Dep	Federal
No Section 179 or Bonus Depr taken this year.						

Description of codes in list column:

F=Farm prop I=Listed prop A=Luxury auto B=sect 179 O=Override K=Indian reser prop C=ITC basis reduction S=Sold T=Traded D=Disposed I=Installment P=Prior short yr
R=like Kind Exchange E=Depr Bonus F=Truck/van V=Electric vehicle

FRX NO. : : 6066797673

JM : JACK B PIGMAN CPA

Western Pulaski Water District

Cost of Service Study

Allocation of Plant Value				
	Total	Commodity	Demand	Customer
Land & Land Rights	\$82,545		\$82,545	
Pumping Equipment	\$118,254.00		\$118,254.00	
Distribution Reservoirs & Standpipes	43,277		43,277	
Transmission & Distribution Mains	11,248,553		11,248,553	
Services	568,482			\$ 568,482
Meters & Meter Installations	1,602,793			1,602,793
Hydrants	20,147			20,147
Subtotal	\$13,684,051		\$11,492,629	\$2,191,422
Allocation Percentages			84.0%	16.0%
Office Furniture & Equipment	135,882		114,141	21,741
Transportation Equipment	103,477		86,921	16,556
Tools, Shop & Garage Equipment	9,106		7,649	1,457
Subtotal	\$248,465		\$208,711	\$39,754
Total	\$13,932,516		\$11,701,340	\$2,231,176
Source: 2004 PSC Annual Report				

Allocation of Plant Value				
	Total	Commodity	Demand	Customer
Pumping Equipment	\$38,503		\$38,503	
Distribution Reservoirs & Standpipes	35,079		35,079	
Transmission & Distribution Mains	2,584,028		2,584,028	
Services	212,007			\$ 212,007
Meters & Meter Installations	584,335			584,335
Hydrants	21,705			21,705
Subtotal	\$3,475,657		\$2,657,610	\$818,047
Allocation Percentages			76.5%	23.5%
Office Furniture & Equipment	104,829		80,194	24,635
Transportation Equipment	85,473		65,387	20,086
Tools, Shop & Garage Equipment	7,874		6,024	1,850
Subtotal	\$198,176		\$151,605	\$46,571
Total	\$3,673,833		\$2,809,215	\$864,618
Source: 2004 PSC Annual Report				

Allocation of Operation & Maintenance Expense				
	Total	Commodity	Demand	Customer
Salaries:				
Trans/Dist.	\$85,300		\$85,300	
Customer	64,460			\$64,460
Employee Pension and Benefits	27,199		19,039	8,160
Purchased Water	761,592	761,592		
Materials and Supplies	100,862		64,134	36,728
Contractual Services - Engineering	3,723		3,723	
Contractual Services - Accounting	6,000			6,000
Contractual Services - Testing	5,901		5,901	
Contractual Services - Other	79,481		71,745	7,736
Transportation Expense	15,176		15,176	
Insurance				
Vehicles	3,579		3,579	
Workers Comp	7,206		5,044	2,162
Bad Debt Expense	1,854			1,854
Misc. Expense – Supply	31,981		31,981	
SUBTOTAL	1,194,314	761,592	305,622	127,100
Less Commodity	761,592			
TOTAL	\$432,722	\$761,592	\$305,622	\$127,100
Allocation Percentage	100%		70.6%	29.4%
Salaries & Wages-Admin	\$30,680		\$21,660	\$9,020
Salaries & Wages-Officers	8,683		6,130	2,553
Advertising	340		240	100
Misc. Expense	27,486		19,405	8,081
Rental of Bldg/Real Property	8,400		5,930	2,470
Insurance				
General Liability	24,453		17,264	7,189
Other	2,325		1,641	684
Taxes other than Income	16,812		11,869	4,943
Subtotal	119,179		84,139	35,040
Total Operating Expenses	\$1,313,493	\$761,592	\$389,761	\$162,140
Source: Staff Field Review 2005				

Allocation of Cost of Service For Retail Customers				
	Total	Commodity	Demand	Customer
Operation & Maintenance	\$1,313,493	\$761,592	\$389,761	\$162,
Debt Service ¹	326,838		274,544	52,29
Depreciation ²	389,991		298,343	91,6
General Water Service Cost	\$2,030,322	\$761,592	\$962,648	\$306,6
Less:				
Other Operating Revenue	(\$56,225)			(\$56,2
Leak Adjustment	(\$2,995)	(\$2,995)		
Interest Income	(3,734)			(3,7
Revenue Required from Rates	\$1,967,368	\$758,597	\$962,648	\$246,1
NOTES:				
¹ Debt Service has been allocated on the Allocation Percentage of Plant Value from plant value allocation sheet.				
² Depreciation has been allocated on the Allocation Percentage of Depreciation from depreciation allocation sheet.				

Calculation of Water Rates			
	Total	First 2,000 gallons	Over 2,000 gallons
Actual Water Sales:			
Thousand Gallons	323,676,226	132,305,596	191,370,630
Percent	100%	40.9%	59.1%
Weighted Sales for Demand:		2	1
Thousand Gallons	455,981,822	264,611,192	191,370,630
Percent	100%	58.0%	42.0%
Allocation of Volumetric Costs:			
Commodity	\$758,597	\$310,266	\$448,331
Demand	962,648	558,336	404,312
Customer	246,123	246,123	
Total	\$1,967,368	\$1,114,725	\$852,643
Number of Bills	86,548		
Cost of Service Rates		\$12.88	\$4.46

Proposed Monthly Water Rates			
5/8" x3/4" Meter			
First 2,000 gallons		\$12.70	Minimum bill*
Over 2,000 gallons		4.50	per 1,000 gallons*
1" Meter			
First 10,000 gallons		\$48.70	Minimum bill*
Over 10,000 gallons		4.50	per 1,000 gallons*
1 1/2" Meter			
First 15,000 gallons		\$71.20	Minimum bill*
Over 15,000 gallons		4.50	per 1,000 gallons*
2" Meter			
First 20,000 gallons		93.70	Minimum bill*
Over 20,000 gallons		4.50	per 1,000 gallons*
Leak Adjustment		\$3.20	per 1,000 gallons*
<p>*The cost of service rates have not been fully implemented so as to lessen the impact on the Minimum Bill. The current rate for the second step remains unchanged and the proposed Minimum Bill is adjusted to produce sufficient revenues to meet the Revenue Requirement.</p>			

Verification of Rates				
	Bills	Gallons	Rate	Revenue
5/8" x 3/4" Meter				
First 2,000 gallons	85,973	130,998,606	\$12.70	\$1,091,857
Over 2,000 gallons		170,661,613	4.50	767,977
1" Meter				
First 10,000 gallons	407	2,765,745	48.70	19,821
Over 10,000 gallons		6,306,452	4.50	28,379
1 1/2" Meter				
First 15,000 gallons	12	180,000	71.20	854
Over 15,000 gallons		1,824,900	4.50	8,212
2" Meter				
First 20,000 gallons	156	2,147,410	93.70	14,617
Over 20,000 gallons		8,791,500	4.50	39,562
Total Revenue from Rates				\$1,971,279
Other Income:				
Other Operating Revenue				56,225
Interest Income				12,149
Leak Adjustment		1,198,020	3.20	3,834
Total Operating Revenue	86,548	324,874,246		\$2,043,487

Comparison of Rates				
Gallon Usage	Current Rates	Proposed Rates	Increase	Percentage
2,000	\$10.00	\$12.70	\$2.70	27.0%
3,000	14.50	17.20	2.70	18.6%
4,000	19.00	21.70	2.70	14.2%
5,000	23.50	26.20	2.70	11.5%
6,000	28.00	30.70	2.70	9.6%
7,000	32.50	35.20	2.70	8.3%
8,000	37.00	39.70	2.70	7.3%
9,000	41.50	44.20	2.70	6.5%
10,000	46.00	48.70	2.70	5.9%
15,000	68.50	71.20	2.70	3.9%
20,000	91.00	93.70	2.70	3.0%
25,000	113.50	116.20	2.70	2.4%
30,000	136.00	138.70	2.70	2.0%
35,000	158.50	161.20	2.70	1.7%
40,000	181.00	183.70	2.70	1.5%
50,000	226.00	228.70	2.70	1.2%
75,000	338.50	341.20	2.70	0.8%
100,000	451.00	453.70	2.70	0.6%
150,000	676.00	678.70	2.70	0.4%
200,000	901.00	903.70	2.70	0.3%
250,000	1,126.00	1,128.70	2.70	0.2%
300,000	1,351.00	1,353.70	2.70	0.2%
350,000	1,576.00	1,578.70	2.70	0.2%

Comparison of Rates		
Block Usage	Current Rates	Proposed Rates
First 2,000 gallons	\$10.00	\$12.70
Over 2,000 gallons	4.50	4.50

Effect on Customer Average Bill - 5,000 Gallons Usage			
Current Rates	Proposed Rates	Amount Increase	% Increase
\$23.50	\$26.20	\$2.70	11.50%

Western Pulaski Water District

Customer Notice

NOTICE

Western Pulaski County Water District has filed an application with the Public Service Commission to increase its rates for water service. The proposed effective date of the change is _____, 2006.

	<u>Current</u>	<u>Proposed</u>	<u>Percentage Increase</u>
5/8" x 3/4" Meter			
First 2,000 gallons	\$10.00 Minimum Bill	\$12.70 Minimum Bill	27.0%
Over 2,000 gallons	4.50 per 1,000 gallons	4.50 per 1,000 gallons	0.0%
1" Meter			
First 10,000 gallons	\$46.00 Minimum Bill	\$48.70 Minimum Bill	5.9%
Over 10,000 gallons	4.50 per 1,000 gallons	4.50 per 1,000 gallons	0.0%
1 1/2" Meter			
First 15,000 gallons	\$68.50 Minimum Bill	\$71.20 Minimum Bill	3.9%
Over 15,000 gallons	4.50 per 1,000 gallons	4.50 per 1,000 gallons	0.0%
2" Meter			
First 20,000 gallons	\$91.00 Minimum Bill	\$93.70 Minimum Bill	3.0%
Over 20,000 gallons	4.50 per 1,000 gallons	4.50 per 1,000 gallons	0.0%
Leak Adjustment	2.50 per 1,000 gallons	3.20 per 1,000 gallons	80.0%

The rates contained in this notice are the rates proposed by the Western Pulaski County Water District. However, the Public Service Commission may order rates to be charged that are higher or lower than the rates proposed in this notice.

Any corporation, association, body politic, or person may request leave to intervene, by motion within thirty (30) days after notice of the proposed rate change is given. A motion to intervene shall be in writing, shall be submitted to the Executive Director, Public Service Commission, Post Office Box 615, Frankfort, KY 40602, and shall set forth the grounds for the motion, including the status and interest of the party movant. Copies of the application may be obtained at no charge from the District office at 1059 West Highway 80, Somerset, KY 42501. Upon request from an intervenor, the District shall furnish to the intervenor a copy of the application and supporting documents.

Western Pulaski County Water District

**WESTERN PULASKI WATER DISTRICT
REPORT ON AUDITED FINANCIAL STATEMENTS**

for the years ended December 31, 2004 and 2003

BARRY D. DAULTON, CPA, PSC

112 S. MAIN STREET
SOMERSET, KENTUCKY 42501

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CONTENTS

	<u>Pages</u>
Independent Auditor's Report	1-2
Comparative Balance Sheets	3
Comparative Statements of Income and Retained Earnings	4
Comparative Statements of Cash Flows	5
Notes to Financial Statements	6 - 9
Schedule of Expenditures of Federal Awards	10
Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	11 - 12
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	13 - 14
Schedule of Findings and Questioned Costs	15

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Western Pulaski County Water District
1059 West Highway 80
Somerset, KY 42503

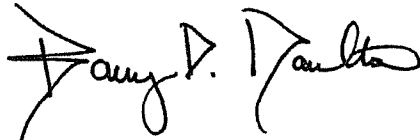
I have audited the accompanying balance sheets of Western Pulaski County Water District as of December 31, 2004 and December 31, 2003 and the related statements of income and retained earnings, and cash flows for the years then ended. These financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these financial statements, based on my audit.

I conducted my audits in accordance with auditing standards and the standards generally accepted in the United States of America applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the provisions of Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations." Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2004 and 2003, and the results of its operations and the cash flows of its business-type activities for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated March 14, 2006 on my consideration of the District's internal control over financial reporting and on my test of its compliance with certain provisions of laws, regulations, contracts, and grants. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

My audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards on page 10 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Somerset, Kentucky
March 14, 2006

WESTERN PULASKI COUNTY WATER DISTRICT
BALANCE SHEETS
December 31, 2004 and 2003

ASSETS	<u>2004</u>	<u>2003</u>
Current Assets		
Cash and cash equivalents	\$ 220,598	\$ 270,206
Accounts receivable (Note 4)	283,013	355,736
Prepaid insurance	4,271	5,100
Total Current Assets	<u>507,882</u>	<u>631,042</u>
 Restricted cash	 478,920	 426,823
 Fixed Assets		
Utility plant in service	13,932,516	13,193,740
Accumulated depreciation (Notes 1 and 6)	<u>(3,673,833)</u>	<u>(3,296,128)</u>
Total Fixed Assets	<u>10,258,683</u>	<u>9,897,612</u>
 TOTAL ASSETS	 <u><u>\$ 11,245,485</u></u>	 <u><u>\$ 10,955,477</u></u>
 LIABILITIES AND FUND EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 116,359	\$ 115,388
Accrued interest	96,759	98,159
Advance for construction	457,077	360,892
Current portion of long-term debt	<u>75,000</u>	<u>58,000</u>
Total Current Liabilities	745,195	632,439
 Long Term Liabilities		
Bonds payable	<u>4,042,000</u>	<u>4,117,000</u>
Total Long-Term Liabilities	4,042,000	4,117,000
 FUND EQUITY		
Tap fees	2,554,256	2,447,296
Federal grants in aid of construction	4,639,777	4,199,842
Retained earnings		
Appropriated	136,730	136,730
Unappropriated (Note 8)	<u>(872,473)</u>	<u>(577,830)</u>
Total Fund Equity	<u>6,458,290</u>	<u>6,206,038</u>
 TOTAL LIABILITIES AND FUND EQUITY	 <u><u>\$ 11,245,485</u></u>	 <u><u>\$ 10,955,477</u></u>

See independent auditor's report and notes to financial statements.

WESTERN PULASKI COUNTY WATER DISTRICT
STATEMENTS OF INCOME AND RETAINED EARNINGS
December 31, 2004 and 2003

	2004	2003
OPERATING REVENUES		
Water sales and other revenues	\$ 1,655,813	\$ 1,717,575
Cost of water purchased	(823,358)	(821,315)
Electricity for pumping	(31,981)	(30,045)
Water analysis	(5,902)	(6,535)
Net operating revenue	794,572	859,680
OPERATING EXPENSES		
Salaries and wages	176,788	189,180
Payroll taxes	15,317	18,377
Directors' fees	8,683	26,933
Employee benefits	27,199	26,970
Contract services	89,867	98,264
Maintenance	90,689	64,462
Office supplies and postage	35,528	41,796
Rent	8,400	8,400
Transportation expenses	20,686	23,429
Insurance	37,563	29,973
Advertising	340	4,021
Taxes and licenses	3,008	3,228
Depreciation expense	377,704	324,326
Miscellaneous expenses	8,646	24,277
Utilities and telephone	10,058	7,082
Uniforms	3,326	3,254
Professional dues	1,800	1,775
Total operating expenses	915,602	895,747
Net income (loss) from operations	(121,030)	(36,067)
Non-operating revenues (expenses)		
Interest income	11,855	8,288
Miscellaneous income	7,487	25,302
Interest expense	(192,953)	(189,157)
Total non-operating revenues (expenses)	(173,611)	(155,567)
Net income (loss)	(294,641)	(191,634)
Retained earnings, January 1, 2004 (Note 8)	(441,102)	(249,468)
Retained earnings, December 31, 2004	\$ (735,743)	\$ (441,102)

See independent auditor's report and notes to financial statements.

WESTERN PULASKI COUNTY WATER DISTRICT
STATEMENTS OF CASH FLOWS
December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Cash Flows from Operating Activities		
Net income from operating activities	\$ (121,030)	\$ (36,06
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	377,704	324,32
Changes in assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	72,723	(39,69
Prepaid insurance	829	(51
Increase (decrease) in:		
Current liabilities	(430)	138,085
	<u>329,796</u>	<u>386,138</u>
Net cash provided by operating activities	329,796	386,138
 Cash Flows from Investing Activities		
Capital expenditures	(738,776)	(2,245,695
Interest income	11,855	8,288
Other income	7,487	25,302
	<u>(719,434)</u>	<u>(2,212,105)</u>
Net cash used by investing activities	(719,434)	(2,212,105)
 Cash Flows from Financing Activities		
Principal payments on long-term debt	(58,000)	(55,000)
Interest payments	(192,953)	(189,157)
Proceeds from advances for construction	96,185	40,163
Proceeds from grants/loans	439,935	2,085,950
Members tap-on fees	106,960	96,682
	<u>392,127</u>	<u>1,978,638</u>
Net cash provided by financing activities	392,127	1,978,638
 Net increase (decrease) in cash and cash equivalents	2,489	152,671
 Cash and cash equivalents, January 1, 2004	<u>697,029</u>	<u>544,358</u>
Cash and cash equivalents, December 31, 2004	<u>\$ 699,518</u>	<u>\$ 697,029</u>
 Supplemental disclosures of cash flow information:		
Cash paid for interest during year	\$ 194,353	\$ 133,035

See independent auditor's report and notes to financial statements.

WESTERN PULASKI COUNTY WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2004

1. Significant Accounting Policies

The accounting policies used by Western Pulaski County Water District conform to generally accepted accounting principles for water utilities.

The District operates under the jurisdiction of the Commonwealth of Kentucky Public Service Commission. Revenues and expenditures are recorded using the accrual basis of accounting. Under this method, revenues are recognized when earned rather than when received and expenditures are recognized when incurred rather than when paid.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual reports could differ from those estimates.

Property, plant and equipment are stated at cost. Depreciation is computed by the straight-line method based on the estimated useful lives of the properties. Estimated useful lives range from 5 years on automobiles, 7 years on office equipment, 25 years on services and hydrants, and 40 to 50 years on utility plant in service.

Supplies and materials are charged to expenditures when purchased. No amount has been provided for inventory due to minimal amount of supplies and materials on hand at any given time.

The District is not subject to Federal or State income taxes.

For the purpose of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

2. Cash and Cash Equivalents

The District's cash and cash equivalents are held in both interest and non-interest bearing accounts. As of December 31, 2004, the carrying amount of the District's cash and cash equivalents was \$ 699,518 including deposits in transit and outstanding checks. The accounts at December 31, 2004 were insured by the FDIC up to the statutory amounts, with the amounts over the statutory amounts covered by securities pledged by the banking institutions where the funds are deposited.

WESTERN PULASKI COUNTY WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2004

3. Utility Revenue Bond Requirements

Depreciation Fund: A depreciation fund must be maintained by the District and there shall be transferred from the Revenue Fund to this fund \$ 820 each month for Series 2001A Bonds, \$570 each month for Series 2001B Bonds, and \$570 each month for Series 2002 Bonds. The payments shall continue until there has been accumulated and is being maintained, the sum of at least \$98,400 for Series 2001A Bonds, \$68,400 for Series 2001B Bonds and \$80,400 for Series 2002 Bonds. Depreciation reserves were not funded for years ending December 31, 2004, 2003 and 2002.

4. Accounts Receivable

Accounts receivable, as stated, do not reflect any provision for bad debts. The District practice is to charge off uncollectible accounts at the time such accounts are determined to be worthless. In the event an account is collected after being written off, it is recorded as other revenue at the time of receipt. While this is a departure from generally accepted accounting principles, the effect on the accompanying financial statements of not adopting this accounting principle is not material.

5. Long Term Debt

Waterworks Revenue Bonds constitute special obligations of the Western Pulaski County Water District collateralized by the water distribution system. The bonds are payable to the United States Department of Agriculture, Rural Development in the following individual issues:

Series 2001A Waterworks Revenue Bonds: Interest rate of 5%, due in annual installments of interest and principal with the final installment due January 2025. At December 31, 2004, the outstanding bonds of this issue amounted to \$ 1,577,000.

Series 2001B Waterworks Revenue Bonds: Interest rate of 4.5%, due in annual installments of interest and principal with the final installment due January 2035. At December 31, 2004, the outstanding bonds of this issue amounted to \$ 1,148,000.

Series 2003A Waterworks Revenue Bonds: Interest rate of 4.5%, due in annual installments of interest and principal with the final installment due January 2042. At December 31, 2004, the outstanding bonds of this issue amounted to \$900,000.

Series 2003B Waterworks Revenue Bonds: Interest rate of 4.5%, due in annual installments of interest and principal with the final installment due January 2042. At December 31, 2004, the outstanding bonds of this issue amounted to \$550,000.

WESTERN PULASKI COUNTY WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2004

Schedule of maturities of long term debt:

2005	\$	75,000
2006		79,000
2007		82,500
2008		87,500
2009		93,000
2010-2012		300,500
2013-2017		603,500
2018-2022		764,000
2023-2027		720,000
2028-2032		491,000
2033-2037		471,000
2038-2042		<u>350,000</u>
		<u>\$4,117,000</u>

6. Property and Equipment

The cost of property and equipment at December 31, 2004 and 2003 is as follows:

	2004	2003
Land and land rights	\$ 82,545	\$ 82,545
Transmission and distribution System	13,610,613	12,913,804
Office furniture and equipment	135,881	111,414
Vehicles	<u>103,477</u>	<u>85,977</u>
 Total property and equipment	 \$ 13,932,516	 \$ 13,193,740
Less: Accumulated Depreciation	<u>(3,673,833)</u>	<u>(3,296,128)</u>
 Net property and equipment	 <u>\$ 10,258,683</u>	 <u>\$ 9,897,612</u>

7. Retirement Plan

The District is a participating employer on the County Employee Retirement System (CERS), which is a multi-employer defined benefit plan created by and operating under Kentucky law that covers substantially all regular full-time employees of each county, municipally, and other local agencies electing to participate. Upon election to participate in the CERS, each employee has the option to participate, however, all subsequent employees must participate and the employer is required to continue participation.

WESTERN PULASKI COUNTY WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2004

Vesting in a retirement benefit begins immediately upon entry into the system. Participants have a fully vested interest after completion of sixty months of service twelve of which are current service. At a minimum, terminated employees are re their contributions with credited interest at 4% compounded annually.

Employer contribution rates are intended to fund the System's normal cost on a cu basis plus one percent (1%) of unfounded past service costs per annum, plus intere the actuarial assumed rate. Such contribution rates are determined by the Board o Trustees of Kentucky Retirement Systems each biennial.

8. Correction of an Error

During completion of fieldwork for the year ended December 31, 2004, the auditor discovered an error in the financial statements for the year ended December 31, 2003. Audited financial statements were prepared from financial statements compiled by independent third party certified public accountant. Because comparative reports i customarily been presented for the District, the amounts contained herein for the y ended December 31, 2003 have been changed to reflect the error correction, in acco with Statements on Auditing Standards.

WESTERN PULASKI COUNTY WATER DISTRICT
Schedule of Expenditures of Federal Awards
for the year ended December 31, 2004

	<u>CFDA</u>	<u>Expenditures</u>
United States Department of Agriculture		
Rural Utilities Services		
Water and Waste Disposal Systems		
for Rural Communities	10.760	\$ 535,631

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Western Pulaski County Water District
1059 West Highway 80
Somerset, KY 42503

I have audited the balance sheets of Western Pulaski County Water District as of December 31, 2004 and December 31, 2003 and the related statements of income and retained earnings for the years then ended, and have issued my report thereon dated March 13, 2006. I conducted my audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

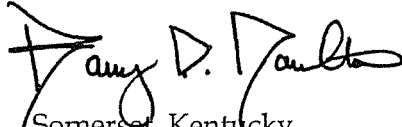
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing my audits, I considered the District's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of

weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of management, Board members, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


Somerset, Kentucky
March 13, 2006

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
Western Pulaski County Water District
1059 West Highway 80
Somerset, KY 42503

Compliance

I have audited the compliance of Western Pulaski County Water District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2004. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. My responsibility is to express an opinion on the District's compliance based on my audit.

I conducted my audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An Audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of the District's compliance with those requirements.

In my opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2004.


Internal Control Over Compliance

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of management, Board members, federal awarding agencies and pass-through entities and is not intended to be should not be used by anyone other than these specified parties.


Somerset, Kentucky
March 13, 2006

WESTERN PULASKI COUNTY WATER DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
for the year ended December 31, 2004

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Western Pulaski County Water District.
2. There are no reportable conditions disclosed in the audit of the financial statements.
3. There are no questioned costs reported in the audit of the financial statements.
4. No instances of noncompliance material to the financial statements of Western Pulaski County Water District, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
5. The auditor's report on compliance for the major federal award programs for Western Pulaski County Water District expresses an unqualified opinion on all major federal programs.
6. Western Pulaski County Water District does not qualify as a low-risk auditee.

Western Pulaski County
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September 1, 2006

Commonwealth Journal
Po Box 859
Somerset, KY. 42502
RE- Intent to file notice

To Whom It May Concern:

Enclosed you will find an intent to file that will need to run 3 times in the journal. Please run the first ad on 10-5-06, then on 10-10-06 and finally on 10-15-06. Should you have any questions with this please give me a call.

Sincerely,
Amy Jo Kelley

NOTICE

Western Pulaski County Water District has filed an application with the Public Service Commission to increase its rates for water service.

	<u>Current</u>	<u>Proposed</u>	<u>Percentage Increase</u>
5/8" x 3/4" Meter			
First 2,000 gallons	\$10.00 Minimum Bill	\$12.70 Minimum Bill	27.0%
Over 2,000 gallons	4.50 per 1,000 gallons	4.50 per 1,000 gallons	0.0%
1" Meter			
First 10,000 gallons	\$46.00 Minimum Bill	\$48.70 Minimum Bill	5.9%
Over 10,000 gallons	4.50 per 1,000 gallons	4.50 per 1,000 gallons	0.0%
1 1/2" Meter			
First 15,000 gallons	\$68.50 Minimum Bill	\$71.20 Minimum Bill	3.9%
Over 15,000 gallons	4.50 per 1,000 gallons	4.50 per 1,000 gallons	0.0%
2" Meter			
First 20,000 gallons	\$91.00 Minimum Bill	\$93.70 Minimum Bill	3.0%
Over 20,000 gallons	4.50 per 1,000 gallons	4.50 per 1,000 gallons	0.0%
Leak Adjustment	2.50 per 1,000 gallons	3.20 per 1,000 gallons	80.0%

The rates contained in this notice are the rates proposed by the Western Pulaski County Water District. However, the Public Service Commission may order rates to be charged that are higher or lower than the rates proposed in this notice.

Any corporation, association, body politic, or person may request leave to intervene, by motion within thirty (30) days after notice of the proposed rate change is given. A motion to intervene shall be in writing, shall be submitted to the Executive Director, Public Service Commission, Post Office Box 615, Frankfort, KY 40602, and shall set forth the grounds for the motion, including the status and interest of the party movant. Copies of the application may be obtained at no charge from the District office at 1059 West Highway 80, Somerset, KY 42501. Upon request from an intervenor, the District shall furnish to the intervenor a copy of the application and supporting documents.

Western Pulaski County Water District



AFFIDAVIT OF PUBLICATION

I, Courtney Chumbley of the Commonwealth Journal, a legal newspaper holding a second-class mailing permit, published daily except Mondays in Somerset, county of Pulaski, Commonwealth of Kentucky do swear and subscribe that the attached proof of publication of a

legal notice, as required and prescribed by KRS

paid advertisement

will be published in said newspaper in the issue of 10/5/06, 10/10/06, 10/15/06
for which the sum of \$ 535.50 is due and payable.

Signed: Courtney M. Chumbley
Title: Classified Ad Manager

Subscribed and sworn to before me, a notary public for the County of Pulaski, Commonwealth of Kentucky, this 4 day of October, 2006.

Brenda Jackson
My commission expires August 19, 2011

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