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October 9, 2006

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

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PUBLIC SERVICE
COMMISSION

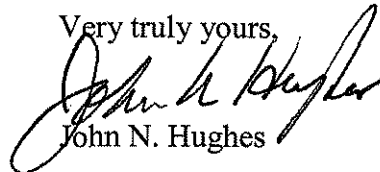
2006
Re: Case No. 2005-00400

Dear Beth:

In response to the commission's letter of September 7, 2006, Northern Kentucky Water District provides the final approval letter from KIA for the proposed \$4,000,000 loan, which contains all terms, conditions and other comments relative to the loan. This information completes the District's response to that deficiency letter.

If you have any other questions, please contact me.

Very truly yours,



John N. Hughes

Attorney for Northern Kentucky
Water District

Attachments

Cc: Attorney General



KENTUCKY INFRASTRUCTURE AUTHORITY

Ernie Fletcher
Governor

1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601
Phone (502) 573-0260
Fax (502) 573-0157
<http://kia.ky.gov>

Jody E. Hughes
Executive Director

October 6, 2006

C. Ronald Lovan, P.E.
President / CEO
Northern Kentucky Water District
2835 Crescent Springs Road
Erlanger, KY 41018

KENTUCKY INFRASTRUCTURE AUTHORITY FEDERALLY ASSISTED DRINKING WATER REVOLVING LOAN FUND CONDITIONAL COMMITMENT LETTER (F06-03)

Dear Mr. Lovan:

The Kentucky Infrastructure Authority (KIA) commends your efforts to improve public service facilities in your community. Your loan application to the KIA to construct improvements to the Memorial Parkway Water Treatment Plant was approved by KIA on October 5, 2006. The total cost of the project shall not exceed \$6,865,000 of which the KIA loan shall provide up to \$4,000,000. Other anticipated funding for the project is reflected in the attached credit analysis. The credit analysis and the Application for Loan Assistance incorporated herein by reference fully describe the project.

An Assistance Agreement will be executed between KIA and the Northern Kentucky Water District upon satisfactory performance of the conditions set forth in this letter. A period of six months from the date of this letter (April 6, 2007) will be allowed for you to meet the conditions set forth in this letter. Funds will be available for disbursement only after execution of the loan agreement.

The Assistance Agreement and this commitment shall be subject, but not limited to, the following terms:

1. The KIA project loan shall not exceed \$4,000,000.
2. The loan shall bear interest at the rate of 3.0% per annum commencing with the first draw of funds.

3. The loan shall be repaid over a period not to exceed 20 years from the date the loan is closed.
4. Interest shall be payable on the amount of actual funds received. The first payment shall be due on June 1 or December 1 immediately succeeding the date of the initial draw of funds, provided that if such June 1 or December 1 shall be less than three months since the date of the initial draw of funds, then the first interest payment date shall be the June 1 or December 1 which is at least six months from the date of the initial draw of funds. Interest payments will be due each six months thereafter until the loan is repaid.
5. Full principal payments will commence on the appropriate June 1 or December 1 within twelve months from initiation of operation. Full payments will be due each six months thereafter until the loan is repaid.
6. A loan servicing fee of 0.25% of the annual outstanding loan balance shall be payable to KIA as a part of each interest payment.
7. Loan funds will be disbursed after execution of the loan agreement as project costs are incurred.
8. KIA loan funds must be expended within six months of official date of initiation of operation.
9. KIA Fund "F" loan funds are considered to be federal funds. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations, requires that all recipients and subrecipients **expending \$300,000 or more in a year in federal awards must have a single or program-specific audit conducted for that year** in accordance with the Circular. If the federal amount expended plus all other federal funds expended exceeds the threshold, you are required to arrange for an A-133 audit to be performed by an independent, licensed CPA, or in special cases, the Auditor of Public Accounts of the Commonwealth of Kentucky. KIA requires an annual audit to be preformed for the life of the loan.

The following is a list of the standard conditions to be satisfied prior to execution of the Assistance Agreement or incorporated in the agreement. Any required documentation must be submitted to the Division of Water (DOW).

1. The Authority to Award (bid) package must be submitted to the Division of Water for approval within 21 days of bid opening.

C. Ronald Lovan, P.E.
October 6, 2006
Page Three

2. The Assistance Agreement must be executed within six (6) months from bid opening.
3. The final plan of operation must be approved prior to 50 percent payment.
4. The draft operation and maintenance manual must be approved prior to 90 percent payment. The final operation and maintenance manual must be approved prior to final payment and loan closing.
5. The city must agree to expend all KIA loan funds within six months of the date of initiation of operation.
6. Documentation of final funding commitments from all parties other than KIA as reflected in the credit analysis shall be provided prior to preparation of the loan agreement and disbursement of the loan monies. Rejections of any anticipated project funding shall be immediately reported and may cause this loan to be subject to further consideration. (KIA)
7. The loan must undergo review by the Capital Projects and Bond Oversight Committee of the Kentucky Legislature prior to the state's execution of the Assistance Agreement. The committee meets monthly on the third Tuesday. At this time we know of no further submission required for their review; however, they may request information as needed.
8. The city must complete and return to KIA the attached "Authorization For Electronic Deposit of Vendor Payment" Form.

Any special conditions listed below and/or stated in the credit analysis must be resolved.

Please inform KIA of any changes in your financing plan as soon as possible. We wish you every success for this project which will benefit both your community and the Commonwealth as a whole.

Sincerely,



Sandy Williams
Financial Analyst

C. Ronald Lovan, P.E.
October 6, 2006
Page Four

Attachments

cc: Mr. Richard Harrison, Northern Kentucky Water District
Mr. Robert J. Sturdivant, Quest Engineers, Inc.
Ms. Jennifer Peters, Division of Water
Mr. Dirk Bedarff, Peck, Shaffer & Williams LLP
State Local Debt Office, GOLD

Please sign and return a copy of this letter indicating your acceptance of this commitment and its terms. Also attach the completed "Authorization For Electronic Deposit of Vendor Payment" Form.

Accepted

Date

**AUTHORIZATION FOR ELECTRONIC DEPOSIT
OF BORROWER PAYMENT
KENTUCKY INFRASTRUCTURE AUTHORITY
(FUND F06-03)**

Borrower Information:

Name: _____

Address: _____

City: _____ **State:** KY **Zip:** _____

Telephone: _____ **Contact:** _____

Federal I.D. # _____

Financial Institution Information:

Bank Name: _____

Branch: _____ **Phone No:** _____

City: _____ **State:** ____ **Zip:** _____

Transit / ABA No.: _____

Account Name: _____

Account Number: _____

I, the undersigned, authorize payments directly to the account indicated above and to correct any errors which may occur from the transactions. I also authorize the Financial Institution to post these transactions to that account.

Signature: _____ **Date:** _____

Name Printed: _____ **Job Title:** _____

Please return completed form to:

**Kentucky Infrastructure Authority
1024 Capital Center Drive, Suite 340
Frankfort, KY 40601
phone: 502-573-0260
fax: 502-573-0157**

EXECUTIVE SUMMARY		Reviewer: Sandy Williams	
KENTUCKY INFRASTRUCTURE AUTHORITY		Date: October 5, 2006	
FUND F, FEDERALLY ASSISTED DRINKING WATER		KIA Loan Number: F06-03	
REVOLVING LOAN FUND		WRIS Number: WX21037560	
BORROWER:	NORTHERN KENTUCKY WATER DISTRICT		
	Kenton County		
BRIEF DESCRIPTION:	The Northern Kentucky Water District is requesting a Fund F loan in the amount of \$4,000,000 to construct improvements to the Memorial Parkway Water Treatment Plant (MPTP). The project includes (1) improvements to the Memorial Parkway Water Treatment Plant (MPTP) chemical building (2) renovation of three MPTP filters (3) rehabilitation of the MPTP clearwell (4) replacement of the Chesapeake Avenue main and (5) replacement of the Montross Avenue main.		
PROJECT FINANCING:	PROJECT BUDGET		
KIA Fund F Loan	\$ 4,000,000	Administrative and Legal	\$ 15,928
Local Funds	2,865,000	Engineering Design	\$ 603,299
TOTAL	\$ 6,865,000	Construction	\$ 5,899,484
		Miscellaneous	\$ 70,000
		Contingencies	\$ 276,289
		TOTAL	\$ 6,865,000
REPAYMENT		Est. Annual	
	Rate	3.00%	Payment
	Term	20 years	1st Payment
			\$277,417
			6 Mo. after first draw
PROFESSIONAL SERVICES	Engineer	Quest Engineers, Inc.	
	Bond Counsel	Peck, Shafer, & Williams	
PROJECT SCHEDULE		<u>Chesapeake</u>	<u>Montross</u>
	Construction Award:	June 2006	July 2006
	Construction Start:	July 2006	September 2006
	Construction Stop:	October 2006	October 2006
			<u>MPTP</u>
			November 2006
			January 2007
			January 2008
DEBT PER CUSTOMER	Existing:	\$ 1,950.96	
	Proposed:	\$ 1,709.78	
OTHER DEBT	See Attached		
OTHER STATE-FUNDED PROJECTS LAST 5 YRS	See Attached		
RESIDENTIAL RATES		<u>Users</u>	<u>Avg. Bill</u>
	Current	77,092	\$24.39 (for 4,000 gallons)
	Additional Proposed	0	\$24.39 (for 4,000 gallons)
REGIONAL COORDINATION	This project is consistent with regional planning recommendations.		
CASHFLOW	Cash Available for	Income after Debt	
	Debt Service	Debt Service	Service
			Coverage Ratio
Audited 2002	13,787,462	8,949,915	4,837,547
Audited 2003	12,859,892	11,848,744	1,011,148
Audited 2004	16,902,093	10,038,406	6,863,687
Audited 2005	18,015,045	10,800,890	7,214,155
Projected 2006	17,441,161	11,717,221	5,723,940
Projected 2007	17,583,389	11,471,489	6,111,900
Projected 2008	18,171,697	11,382,074	6,789,623
RATIOS	Current Ratio	Debt to Equity	Working Capital
Audited 2004	1.93	1.63	\$6,924,054
Audited 2005	1.60	1.67	\$6,475,020
Projected Project Completion	1.89	1.54	\$7,998,875

Reviewer: Sandy Williams
Date: October 5, 2006

**KENTUCKY INFRASTRUCTURE AUTHORITY
DRINKING WATER REVOLVING LOAN FUND (FUND "F")
NORTHERN KENTUCKY WATER DISTRICT, KENTON COUNTY
CREDIT ANALYSIS**

**WX21037560
F06-03**

I. PROJECT DESCRIPTION

The Northern Kentucky Water District is requesting a Fund F loan in the amount of \$4,000,000 to construct improvements to the Memorial Parkway Water Treatment Plant (MPTP). The project includes (1) improvements to the Memorial Parkway Water Treatment Plant (MPTP) chemical building (2) renovation of three MPTP filters (3) rehabilitation of the MPTP clearwell (4) replacement of the Chesapeake Avenue main and (5) replacement of the Montross Avenue main.

In addition to serving the City of Newport, the MPTP will help provide some treatment plant redundancy and will help meet future growth needs for the District. Several components of this facility and the distribution system it serves were identified for improvement. These improvements include (1) the replacement of chemical storage and feed systems, (2) improvements to three of their six filters, and (3) improvements and repairs to (a) the 3 million gallon finished water clearwell, (b) a key redundancy interconnect between the Newport Low Service and High Service portions of the distribution system, and (c) the replacement of a 4-inch transite water main.

The MPTP existing chemical building is in poor condition and was designed for dry chemical storage only. The district needs to use liquid chemicals to meet current standards for water treatment. The proposed project would involve rebuilding the existing chemical building and appurtenances, updating the outdated chemical pumps and piping, and upgrading the liquid chemical storage areas to include a containment system. These improvements will help improve the efficiency of the plant and the overall site safety which would benefit existing and future customers. This project also includes some modifications to the reservoir pumping station and pipe work. This improvement will allow the MPTP to supplement the potable water supply of the District, improve microbiological and turbidity removal by enhancing chemical systems and improving chemical reliability and produce a more consistent water quality.

The second component of this project includes renovating three filters because currently only three of the six available filters are functional. The three filters cannot be used because of problematic valves, nonfunctioning surface wash systems and media difficulties. This improvement will rehabilitate Filters 1, 2 and 3 for operational flexibility and redundancy purposes. Presently there is filter redundancy when the plant is at

capacity. This improvement will provide better finished water turbidity by improving the filter performance of the non-renovated filters and allowing the filters to perform at the lower flow rate. This improvement will also help allow the plant to be expanded to meet future supply needs.

The third component of this project includes rehabilitation and baffling the District's MPTP 3-mgd clearwell. The existing valves that control water flow through the clear well's chambers are not functional. As a result, the separate chambers cannot be isolated independently of each other making inspection difficult and cleaning impossible. In addition the concrete is in need of repairs in numerous locations due to cracking and chipping and exposed reinforcing rods. NKWD has also performed a tracer study of the clearwell and has found that in its current condition, it will not be able to meet disinfection contact time requirements during cold water temperatures at flow rates near the plant's rated capacity. As a result, the NKWD would intend to also install baffling during the renovation project to improve disinfection performance at the MPTP.

As a result of these improvements, CT removal requirements for microbial pathogens would be greatly improved. The clearwell rehabilitation and baffling improvement will provide better finished water quality by improving the disinfection efficiency of the treatment plant.

The fourth component involves a critical interconnection on Chesapeake Avenue between the distribution service area served by the District's Fort Thomas Treatment Plant and the MPTP service area. This new water main improvement includes an interconnection between the District's 1017 gradient service area and its 740 service area in Newport. This improvement will (1) enhance pressure during emergency conditions created by breaks and leaks in the district's aged distribution system and (2) provide supplemental flow in the event of inadequate distribution storage due to a system emergency. The existing 6-inch main will be replaced with a new 12-inch main.

The final component involves the replacement of a 460-foot long section of 4-inch transite water main on Montrose Avenue located in the City of Fort Thomas. The 4-inch main will be replaced with a 6-inch water main.

II. PROJECT BUDGET	Fund F Loan	Local Funds	Total
Administrative and Legal		15,928	\$ 15,928
Engineering		603,299	603,299
Construction	\$ 4,000,000	\$ 1,899,484	5,899,484
Miscellaneous		70,000	70,000
Contingencies		276,289	276,289
Total Budget	\$ 4,000,000	\$ 2,865,000	\$6,865,000

III. PROJECT FUNDING

A. **Funding Sources**

KIA Fund F Loan	\$4,000,000
Local Funds	<u>2,865,000</u>
Total Funding	\$6,865,000

B. **KIA Debt Service**

Construction Loan	\$4,000,000
Interest Rate	3.00%
Loan Term (Years)	20
Estimated Annual Debt Service	\$ 267,417
Administrative Fee (0.25%)	<u>\$ 10,000</u>
Total Estimated Annual Debt Service	\$ 277,417

IV. PROJECT SCHEDULE

	<u>Chesapeake</u>	<u>Montross</u>	<u>MPTP</u>
Construction Award Date:	June 2006	July 2006	November 2006
Construction Start Date:	July 2006	September 2006	January 2007
Construction End Date:	October 2006	October 2006	January 2008

V. DEBT OBLIGATIONS

<u>Issue</u>	<u>Amount Outstanding</u>	<u>Maturity Date</u>
Series 1997 Revenue Bonds	\$6,310,000	2022
Series 1998 Revenue Bonds	\$9,805,000	2028
Series 2001 Revenue Bonds	\$15,335,000	2026
Rural Development Loan	\$2,196,000	2039
Series 2002A Revenue Bonds	\$44,430,000	2027
Series 2002B Revenue Bonds	\$9,095,000	2017
Series 2003A Revenue Bonds	\$1,545,000	2032
Series 2003B Revenue Bonds	\$28,600,000	2028
Series 2003C Revenue Bonds	\$21,200,000	2020
Series 2004 Bond Anticipation Notes	\$3,605,000	2006
Series 2004 Revenue Bonds	\$10,185,000	2029
Taylor Mill Purchase Financing	\$2,375,000	2018
Series 2005 Bond Anticipation Notes	\$17,980,000	2007
Deferred Note Payable	<u>\$100,000</u>	n/a
Total	\$172,761,000	

VI. CONTACTS

C. Ronald Lovan, P.E.
President / CEO
Northern Kentucky Water District
2835 Crescent Springs Road
Erlanger, KY 41018
859-578-9898
859-578-7893

Robert J. Sturdivant
Associate
Quest Engineers, Inc.
2517 Sir Barton Way
Lexington, KY 40509
859-223-3755
859-223-3150

VII. OTHER STATE OF FEDERAL FUNDING IN PAST FIVE YEARS

KIA 2007 IEDF Non-Coal Grant	Subdistrict 1 System Improvements	\$2,000,000
KIA 2007 IEDF Non-Coal Grant	Covington System Improvements	\$2,500,000

VIII. DEMOGRAPHICS/RATE STRUCTURE

A. DEMOGRAPHICS

The district is located in Kenton County, in the northern part of the state and provides service to Campbell and Kenton counties and portions of Boone, Grant and Pendleton counties. Kenton County has a population of 151,464 with a median household income of \$43,906, which is greater than the median household income for the Commonwealth of \$33,672. Based on median household income, the project qualifies for the 3% standard interest rate.

B. CUSTOMER MIX

	Current	Additional Proposed
Residential	72,484	0
Commercial	4,485	0
Industrial	<u>123</u>	<u>0</u>
Total	77,092	0

Collection rates for the system average 98.5%.

The district also supplies wholesale water at \$2.40 per 1,000 gallons to the Pendleton County Water District, the City of Walton and the Bullock Pen Water District serving an additional 9,484 customers.

C. RATE STRUCTURE

The current monthly charge for 4,000 gallons of residential water service is \$14.06 with monthly surcharges ranging from \$12.02 to \$37.50 depending upon

the Sub district location. A rate increase is not proposed to accommodate the debt service for this project.

IX. FINANCIAL ANALYSIS (See Exhibit 1)

Exhibit 1 represents audited financials on the system from FY2002 through FY2005 with anticipated projections through FY2008.

A. HISTORICAL

After flat revenues growth between fiscal years 2002 to 2003 at 1%, revenues rose sharply during the next two years. The district experienced a 14% jump in revenue in 2004, increasing from \$28.2 million in 2003 to \$32.2 million in 2004. Growth continued in 2005 although at a slower pace. Revenue grew an additional 8% to \$34.8 million. Operating expenses rose steadily throughout the period, averaging 7% for the same time period. Non-operating income, comprised primarily of investment income and capital contributions, made up approximately one-third of the cash available for debt service. Capital contributions represent assessments and reimbursements to recover the costs of new services and extensions of the distribution system. The District does not include the amount of costs incurred and contributed by outside contractors for installation of distribution systems which the District absorbs and provides for their operations and maintenance.

The balance sheet shows debt to equity ratios from 2002 to 2005 increasing slightly from 1.51 to 1.67. This indicates that system growth has not been entirely financed through debt and that some growth has most likely been financed from system revenues.

B. PROFORMA

Projections based on the following assumptions:

- Revenues for 2006, 2007 and 2008 reflect a 5% increase annually in water sales.
- Expenses for 2006, 2007 and 2008 were increased 5% per year.
- Investment income was decreased by more than half to reflect expenditures from bond proceeds for capital construction projects.
- Existing debt service, including principal and interest, was based on amortization schedules included in the audited financial statements.

Debt service on the Fund F loan will add \$277,417 to the outstanding debt for the system. Based on the above assumptions, the system will maintain adequate debt coverage over the next three years.

C. REPLACEMENT RESERVE

The Northern Kentucky Water District self funds an "Improvement, Repair and Replacement Account" which is available to make major repairs and replacements and to pay the cost of construction of additions, extensions and improvements to the water system. The account assets as of December 31, 2005 are \$3,074,102. Based on the account already in place, the system will not be required to further fund an additional replacement reserve specifically for this loan.

X. REGIONAL COORDINATION

This project is consistent with regional planning recommendations.

XI. RECOMMENDATIONS

KIA staff recommends approval of the loan.

**EXHIBIT 1
NORTHERN KENTUCKY WATER DISTRICT
CASHFLOW ANALYSIS**

	Audited 2002	% Change	Audited 2003	% Change	Audited 2004	% Change	Audited 2005	Projected 2006	Projected 2007	Projected 2008
Operating Revenues										
Water Sales	27,048,947	0%	27,167,452	14%	30,931,919	7%	33,229,278	34,890,742	36,635,279	38,467,043
Forfeited Discounts	371,144	26%	469,253	33%	621,871	21%	752,736	790,373	752,736	790,373
Rents From Property	351,320	-14%	303,139	49%	452,661	12%	506,326	556,959	612,654	673,920
Other Water Revenue	259,836	0%	280,967	-31%	178,801	100%	358,282	266,017	270,007	274,057
Total Revenues	28,031,247	1%	28,200,811	14%	32,185,252	8%	34,846,622	36,504,090	38,270,676	40,205,393
Operating Expenses										
Operating and Maintenance Expense	17,180,952	9%	18,734,903	6%	19,949,361	5%	21,023,284	22,074,448	23,178,171	24,337,079
Depreciation	4,468,961	12%	5,016,275	6%	5,329,289	4%	5,562,139	5,784,625	6,016,010	6,256,650
Total Expenses	21,649,913	10%	23,751,178	6%	25,278,650	5%	26,585,423	27,859,073	29,194,180	30,593,729
Net Operating Income	6,381,334	-30%	4,449,633	55%	6,906,602	20%	8,261,199	8,645,017	9,076,496	9,611,664
Non-Operating Income and Expenses										
Investment Income	1,148,898	-21%	910,431	-13%	791,405	135%	1,862,615	750,000	562,500	375,000
Miscellaneous Non-Operating Income	76,910	309%	314,577	-90%	31,136	-83%	5,432	5,000	5,000	5,000
Capital Contributions	2,038,964	-8%	1,875,382	133%	4,368,357	-34%	2,900,277	3,000,000	2,500,000	2,500,000
Other Non-Operating Income & Expense	(9,600)	-7244%	685,842	-100%	0	0	0	0	0	0
Amortization of Debt Discount and Expense	(318,005)	23%	(392,248)	34%	(524,696)	10%	(576,617)	(576,617)	(576,617)	(576,617)
Total Non-Operating Income & Expenses	2,937,167	16%	3,393,984	37%	4,666,202	-10%	4,191,707	3,178,383	2,490,883	2,303,383
	10%	12%	14%	12%	9%	7%	6%			
Add Non-Cash Expenses										
Depreciation	4,468,961	12%	5,016,275	6%	5,329,289	4%	5,562,139	5,617,760	6,016,010	6,256,650
Amortization	318,005	23%	392,248	34%	524,696	10%	576,617	576,617	576,617	576,617
Total Non-Cash Expenses	4,786,966		5,408,523		5,853,985		6,138,756	6,194,377	6,592,627	6,833,267
Cash Available for Debt Service	13,787,462	-7%	12,859,992	31%	16,902,093	7%	18,015,045	17,441,161	17,583,389	18,171,697
Debt Service										
Existing Debt - Principal	3,357,000		6,604,000		4,694,000		4,674,000	4,806,000	4,967,000	5,108,000
Existing Debt - Interest	5,592,915		5,244,744		5,344,406		6,126,890	6,911,221	6,444,489	5,996,657
Fund F KIA Loan								60,000	277,417	
Total Debt Service	8,949,915		11,848,744		10,038,406		10,800,890	11,717,221	11,471,489	11,382,074
Income After Debt Service	4,837,547		1,011,148		6,863,687		7,214,155	5,723,940	6,111,900	6,789,623
Debt Coverage Ratio	1.54		1.09		1.68		1.67	1.49	1.53	1.60

EXHIBIT 1 Con't.
NORTHERN KENTUCKY WATER DISTRICT
BALANCE SHEETS

ASSETS	2002	2003	2004	2005	Upon Project Completion
Current Assets					
Cash and Cash Equivalents	5,057,164	3,701,770	2,886,075	6,478,053	6,154,150
Accounts Receivable	6,220,659	8,148,280	9,579,756	8,840,182	8,856,073
Assessments Receivable	42,829	38,913	37,251	37,767	37,977
Inventory	1,096,311	1,167,917	1,241,337	1,150,975	1,186,743
Prepaid Items	999,162	740,271	621,703	842,700	800,565
Total Current Assets	13,416,125	13,797,151	14,366,122	17,349,677	17,035,508
Restricted Assets					
Boone Florence Settlement	3,763,085	4,055,738	3,680,638	3,344,622	2,994,622
Bond Proceeds Fund	3,714,771	8,937,126	9,608,272	17,242,047	13,637,047
Debt Service Reserve Account	9,542,328	11,898,813	12,534,354	12,472,874	12,472,874
Debt Service Account	4,170,492	4,773,526	5,812,970	6,547,631	5,996,657
Improvement, Repair & Replacement	4,141,341	1,965,153	3,187,936	3,074,102	3,074,102
Total Restricted Assets	25,332,017	31,630,356	34,824,170	42,681,276	38,175,302
Fixed Assets					
Property, Plant and Equipment	223,317,634	232,288,792	246,935,413	253,634,326	260,499,326
Unclassified Plant - Construction in Progress	2,820,592	3,790,771	10,056,653	19,738,958	20,282,048
Less Accumulated Depreciation	(39,709,065)	(44,446,207)	(49,335,133)	(54,448,687)	(54,728,299)
Total Fixed Assets	186,429,161	191,633,356	207,656,933	218,924,597	226,053,076
Other Assets					
Deferred Charges	7,846,691	11,161,856	10,454,271	9,821,617	9,330,536
Total Other Assets	7,846,691	11,161,856	10,454,271	9,821,617	9,330,536
Total Assets	233,023,994	248,222,719	267,301,496	288,777,167	290,594,422
LIABILITIES					
Current Liabilities					
Bonded Indebtedness	2,845,000	4,319,000	4,424,000	4,556,000	5,108,000
Accounts and Notes Payable	2,135,448	2,013,485	2,536,022	5,882,832	3,477,446
Accrued Payroll and Taxes	109,838	152,234	250,143	273,867	225,415
Other Accrued Liabilities	158,457	215,021	231,903	161,958	225,772
Total Current Liabilities	5,248,743	6,699,740	7,442,068	10,874,657	9,036,633
Payable From Restricted Assets					
Accounts Payable	1,260,481	847,276	843,632	2,848,054	1,512,987
Accrued Interest Payable	2,562,698	2,492,758	2,593,453	2,737,097	2,617,396
Total Payable from Restricted Assets	3,823,179	3,340,034	3,437,085	5,585,151	4,130,383
Long Term Liabilities					
Bonded Indebtedness	131,038,000	142,670,000	148,701,000	144,145,000	142,918,106
Deferred Note Payable	100,000	100,000	6,080,000	20,205,000	24,205,000
Total Long Term Liabilities	131,138,000	142,770,000	154,781,000	164,350,000	167,123,106
Total Liabilities	140,209,922	152,809,774	165,660,153	180,809,808	176,159,739
Net Assets					
Invested in Capital	52,446,161	44,544,356	48,201,933	46,163,597	48,949,220
Restricted	18,735,739	28,290,322	31,387,085	37,096,125	39,053,887
Unrestricted	21,632,172	22,578,267	22,052,325	24,707,637	26,431,577
Total Net Assets	92,814,072	95,412,945	101,641,343	107,967,359	114,434,683
Total Liabilities and Equities	233,023,994	248,222,719	267,301,496	288,777,167	290,594,422
Balance Sheet Analysis					
Current Ratio	2.56	2.06	1.93	1.60	1.89
Debt to Equity	1.51	1.60	1.63	1.67	1.54
Working Capital	6,167,382	7,097,411	6,924,054	6,475,020	7,998,875
Percent of Total Assets in Working Capital	3.50%	2.86%	2.59%	2.24%	2.75%