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October 1, 2012

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PUBLIC SERVICE
COMMISSION

Mr. Jeff Derouen, Executive director
Public Service commission
P.O. Box 615
Frankfort, KY 40602

RE: Case No. 2012-00095
Monthly report from
Joint Applicants for Merger
For month ending September 30, 2012

Dear Director Derouen:

Reference is made to my last report to you dated August 31, 2012 regarding the above referenced Water Districts merger. That report in paragraph 3 on page 1 erroneously states a \$200.00 grant and a \$400.00 grant that is corrected to read a \$200,000.00 grant and \$400,000.00 grant.

The Kentucky Infrastructure Authority and the Capitol Project and Bond Oversight Committee have approved the Green Hills Water District's grant request to retire its Rural Development Series 1998 Bond and loan with a payment date of October 12, 2012 in the amount of \$383,149.71.

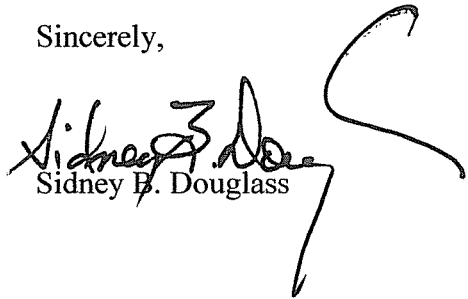
The Water Extension Project connecting the Harlan Municipal Water Works to the GHWD system is progressing ahead of schedule. The water lines are in place, and the pumps and four booster stations are being brought on line. The Harlan Municipal Water Works is expected to be supplying all the water to the GHWD and Little Shepherd Trail Extension Project by October 15, 2012.

The BMUD Board and Harlan Municipal Water Works Commission each met in September and passed motions authorizing their chairpersons to enter into an amended water contract for the Harlan Water Works to provide BMUD additional water to supply the GHWD system and the Little Shepherd Trail extension project.

BMUD continues to operate the GHWD system per their merger agreement.

My next report to you will be at the end of October 2012.

Sincerely,



Sidney B. Douglass

CC:

Mr. Bob Lee, Chairman
Black Mountain Utility District
609 Four Mile Road
Baxter, KY 40806

Mr. Ralph Turner, Chairman
Green Hills Water District
609 Four Mile Road
Baxter, KY 40806

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