

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

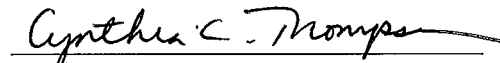
PROPOSED ADJUSTMENT OF THE)
WHOLESALE WATER SERVICE RATES OF) CASE NO. 2015-00039
THE CITY OF AUGUSTA)

CITY OF AUGUSTA'S RESPONSE TO THE BRACKEN COUNTY WATER DISTRICT'S
THIRD REQUEST FOR INFORMATION

Pursuant to the Bracken County Water District's Third Request and the Commission's Orders of March 17, 2015 and May 29, 2015, the City of Augusta ("Augusta") respectfully submits the following information in response to the Bracken County Water District's second request for information.

Dated: June 2, 2015

Respectfully submitted,

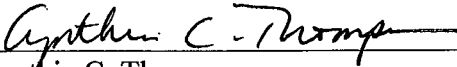


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Counsel for City of Augusta

CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8, I certify that the City of Augusta's June 2, 2015 electronic filing of this Statement is a true and accurate copy of the same document being filed in paper medium; that the electronic filing was transmitted to the Commission on June 2, 2015; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that a paper copy of this Statement will be mailed to the Commission on June 3, 2015.



Cynthia C. Thompson

AUGUSTA'S RESPONSE TO BRACKEN COUNTY WATER DISTRICT'S THIRD
REQUEST FOR INFORMATION

The following information has been supplied by the following persons:

- Gretchen Usleaman, Augusta City Clerk
- Angie Schweitzer, Assistant City Clerk
- Susan Butts, Chief Operator, Augusta Regional Water Treatment Plant
- Donna Hendrix, CPA

1. Water Samples

- a. Please note that the following response modifies and supplements the City of Augusta's previous Response to Item #9 of the Bracken District's Second Request for Information: Augusta agrees that Messrs Mains and Olsen spent time during the test period collecting water samples for locations in Augusta's Water Distribution System but the exact or even approximate amount of time spent collecting such samples is uncertain; as the Water Treatment Plant (WTP) operators practice during the workweek (Mondays through Fridays) has been to retrieve the WTP mail from the Augusta City Office while away from the WTP collecting the water samples from the Augusta Water Distribution System; however, on weekends, the WTP operators do not stop at the Augusta City Office to get their mail while out collecting samples as the Augusta City Office is closed. The City of Augusta therefore disagrees with the statement "During the test period Mr. Mains and Mr. Olsen collectively spent approximately 365 hours obtaining water samples from locations on the Augusta Water Distribution System."

In addition, as part of this response, the City of Augusta offers the following in support of its position that all or some of the water sampling done by the WTP Operators is done pursuant to the overall management and operation of the WTP (and therefore should be included in the rate calculation):

- (1) The Kentucky Division of Water has assigned the Augusta Water Treatment Plant and the Augusta Water Distribution System one Division of Water Permit ID, DOW Permit Type: Drinking Water (PWSID) (Public Water System Identification Number) which is used in reports to such entity at the Kentucky Infrastructure Authority.
- (2) The WTP Standard Operations and Procedure Manual provides that it is the Operator's responsibility to "Collect and analyze water samples as required by DOW to prevent Maximum Contaminant Level (MCL) violations. Also perform other sampling and testing necessary to determine chemical feed rates for proper water Treatment" See page 4 under Operator Responsibilities, paragraph, attached hereto as Exhibit #1.
- (3) 401 KAR 8:020(6) provides "The owner or operator of a public water system shall operate and maintain the facilities and systems of treatment, intake, and distribution to comply with the provisions of 401 KAR Chapter 8. Operation and maintenance includes effective performance; preventive maintenance; operator staffing and training pursuant to 401 KAR 8:030, 11:050;

establishing representative sample points that comply with the requirements of 401 KAR Chapter 8; and adequate process controls for testing, including quality assurance procedures.”

- b. Please see above response.
 - c. See a. above.
 - d. The City of Augusta objects to the question presented as it calls for speculation. See Response 1 a. above. The City of Augusta reserves the right to supplement if necessary.
2. In providing the following Response to Item 2 of Bracken District’s Third Request for Information, the City assumes that Bracken District meant to refer to Augusta’s previous Response to Item 8 of Bracken District’s Second Request for Information, as Augusta’s previous Response to Item 7 of Bracken District’s Second Request for Information referred to the number of annual tax bills issued by the City.
 - a. The City of Augusta requires every person and business entity engaged in any business in the City shall be required to apply for and obtain an occupational license from the City before the commencement of business. During FY 2014, the City issued 136 occupational licenses.
 - b. The Augusta City Clerk and Assistant City Clerk receive applications from new businesses, collect the appropriate license fee and issue the occupational license. Annually, the City Clerk and Assistant City Clerk send bills for occupational licenses to existing business and collect those license fees.
 - c. There were 136 occupational licenses on December 31, 2014.
 - d. A total of 11 alcohol beverage licenses were issued or renewed during FY 2014.
 - e. There were 11 alcohol beverage licenses in effect in FY 2014.
 - f. New alcohol licensees bring proof that the Kentucky Department of Alcoholic Beverage Control has issued a license. Upon proof of state approval, the City issues a license. All licensees are billed annually and collected.
 3. There are no council minutes that specifically discuss the employment of summer youth workers. The City’s annual budget is adopted by ordinance that provides for the expense of summer youth workers.
 4. Total summer youth workers by year and total gross wages paid.
 - a. FY 2012 – 16 summer youth workers employed. Gross wages paid were \$22, 310.07
 - b. FY 2013 – 25 summer youth workers employed. Gross wages paid were \$50,416.08
 - c. FY 2014 – 28 summer youth workers employed. Gross wages paid were \$31,373.81
 5. Kentucky League of Cities Insurance.
 - a. The payment of \$18,615 to the Kentucky League of Cities was reflected in the \$417,778 in total operating costs under salaries on page 36 of the City of Augusta’s Year Ended June 30, 2014 Audit.
 - b. In Augusta’s response of January 30, 2015, to the Bracken District, Augusta recorded a refund from the KLC Workers Compensation in the amount of \$786.60 on January 22, 2014, into the Water Treatment Plant Miscellaneous revenue account. The \$786.60 refund was actually based upon Fiscal Year 2013, but was received during FY 2014. On April 29, 2014, a refund from Capital Premium Liability Insurance in the amount of \$31.72 was deposited into the Water Treatment Plant Miscellaneous revenue account.

6. The actual refund of \$1,859.01 to the Waterworks category of the KLC Workers Compensation Final Audit was not received until December 18, 2014, and was not reflected in the FY 2014 audit. It will be included in the FY 2015 audit.
7. KLC Insurance
 - a. Augusta agrees that employees not classified as Water Treatment Plant Employees by the City of Augusta were classified as Water Treatment Employees in the KLOC Worker's Comp premium calculations on the WC Audit Invoice, which classification may have occurred as a result of limited classification codes.(See attached Exhibit 7a.) The City Clerk has contacted the KLOC Insurance Services representatives to request that Water Treatment Plant Employees are separated from all other employees in future Audit Invoices.
 - b. Augusta agrees that only Water Treatment Plant employees should be included in workers compensation insurance premiums allocated to the Water Treatment Plant.
 - c. According the Augusta City Clerk, the Assistant City Clerk was classified as an office worker and her Worker's Compensation Premium Expense was not expensed to the Water Treatment Plant in the rate calculation.
8. The City annually hires a CPA to work on year end transactions and closing the Fiscal Year's bookkeeping. Attached as Exhibit 8 is a statement from Penny Stanfield, CPA, regarding her services to the City's Water Treatment Plant. Attached as Exhibit 8, is a copy of the Auditor's contract with the City of Augusta, which includes statements of how the Audit will be conducted.
9. According to Donna Hendrix, CPA, the misclassification was caused by two (2) transactions for health insurance. July 18, 2013 for \$1,417.19 and July 19, 2013 for \$1,619.10. The two (2) transactions total \$3,036.29, and were moved from Insurance to Salaries and Wages. Transportation expenses in the amount \$1,525 was moved to Office Expense. This leaves a \$14 difference in the two (2) reports. Ms. Hendrix's explanation was there was probably a typo causing the \$14 difference and despite numerous attempts to reconcile these figures, no other explanation of the discrepancy was found.

| | Statement of Revenues, Expenses & Changes in Net Assets | Water Treatment Plant Costs |
|--------------------------|---|--------------------------------|
| Salaries and Wages | \$186,194 | \$189,260 |
| Chemicals and Testing | 96,128 | 96,128 |
| Utilities | 89,290 | 89,290 |
| Insurance | 16,280 | 13,244 |
| Repairs and Supplies | 26,697 | 26,667 |
| Transportation | 1,525 | 0 |
| Office Expense and Other | 1,650 | 3,189 |
| TOTAL | \$417,764 | \$417,778 |

10. Assistant City Clerk's allocation
 - a. No studies were conducted.
 - b. No studies were conducted.
 - c. No studies were conducted.

- d. Mayor Habermehl's determination regarding the salary of the Assistant City Clerk was not put into writing.
11. Joe Burns with the Kentucky Rural Water Association, worked with City and Water Treatment employees to do a revenue/expense analysis for calendar years 2008 through 2011.
 - a. Mr. Burns is working on an Excel Spreadsheet that will show total revenues and operating expenses.
 - b. Deleted from request.
 - c. The study began in 2012 and is still in process.
 - d. Augusta contacted Kentucky Rural Water Association in 2012 about doing a cost analysis study.
 - e. The study is not complete.
 12. The City of Augusta does not know the number of months for which it has provided Bracken District with monthly expenditure reports since 2008.
 13. The date of the last monthly statement provided to Bracken Water District by the City of Augusta is unknown.
 14. Water Supply Advisory Board
 - a. Please note the following response modifies and supplements all previous responses concerning any and all boards concerning the Water Treatment Plant. Please see attached additional documentation concerning said boards which is attached hereto as Exhibit 14a.
 - b. The Water Supply Advisory Board is not currently in existence, however, the Mayor is in the process of considering possible appointees to such Board.
 - c. Please see Exhibit 14a along with previously submitted documentation for all documentation found concerning any board associated with the Water Treatment Plant.
 15. Joint committee
 - a. Please see 14 c, above.
 - b. Please see 14 c, above.
 - c. Please see 14 c, above.
 - d. Please see 14 c, above.
 - e. Please see 14 c, above.
 - f. Please see 14 c, above.
 - g. Please see 14 c, above.
 - h. Please see 14 c, above.
 - i. Please see 14 c, above.
 16. Water used in Water Treatment Plant operations.
 - a. The Water Treatment Plant is not using additional amounts of water to backwash filters that is not reported to the Division of Water. The Water Treatment Plant has in its normal operations a process that is called "blow downs". "Blow downs" occur every 6 minutes times 4 separate "blow down" pipes. This amount of water used in this process is not metered but is estimated on Division of Water reports.
 - b. The Water Treatment Plant accurately reports total backwash water in its monthly reports to the Division of Water.
 - c. In providing the following response to Item 16c of the Bracken District's Third Request for information, the City assumes that Bracken District meant to refer to page

- 15 of the Exhibit to Item 48 of Augusta's previous response to Bracken District's First Request for information as the Exhibit to Item 47 only contained 12 pages.
- (1) See (2) below. After making corrections to the Water usage spreadsheet, the statement that Bracken District is referring to that was made by Jeff Mofford appears to be correct.
 - (2) Attached as Exhibit 16 is an updated/corrected Water Usage Report for FY 2014. After reviewing the original report and trying to determine why the water loss was so high, The City found some errors in the original document.
17. The City researched all archived records and documents or correspondence between the engineer and the City from the time the plant was constructed until current and could not find any documentation regarding the expected raw water usage during the treatment process.
 18. The City researched all archived records and documents or correspondence between the Kentucky Division of Water and the City from the time the plant was constructed until current and could not find any documentation regarding the expected raw water usage during the treatment process.
 19. Attached as Exhibit 19 are copies of invoices submitted to Bracken District during FY 2014.
 20. Kentucky Utilities Company has assessed \$361.54 in franchise fees for electricity provided at the Water Treatment Plant for FY 2014.
 21. The City of Augusta has not been able to confirm that the City receives such amount assessed back into the City coffers and is therefore unable to respond to this item at this time.
 22. Mr. Padgett has interviewed the following:
 - a. Gretchen England, City Clerk; Susan Butts, Water Treatment Plant Superintendent; Darian Blevins, Public Works Superintendent; Angie Schweitzer, Assistant City Clerk
 - b. Exhibit 6, included in Augusta's first response to Public Service Commission is the document prepared after interviewing City of Augusta personal regarding time spent on Water Treatment Plant activities during a normal week.
 23. Attached as Exhibit 23, is a copy of the electric bill for the W. Second St. Pump with the due date of January 27, 2014.
 24. Listed as Item 21, in Augusta's second response to Bracken District's request is all of the information available regarding energy savings at the Water Treatment Plant.

Management Responsibilities

It shall be the responsibility of Plant Supervisor of the Augusta Water Treatment Plant to outline all appropriate duties and procedures relating to the system's operators. The operators will be knowledgeable of proper operational procedures and will keep accurate records on all treatment processes and procedures utilized at the water treatment plant and in the distribution system (if Supervisor is responsible for distribution system). These records will be used to manage the water system in an efficient manner for the purpose of providing potable water to its customers at the lowest possible cost.

An open line of communication will be maintained between the Board of Commissioners, the Plant Supervisor, the Mayor of the City of Augusta, and all plant personnel. The appropriate chain of command shall be followed as outlined in the Organizational Structure of this document, page 1. This communication shall entail: providing safe working conditions consistent with Kentucky's labor laws and OSHA requirements, accessing Kentucky Division of Water and Kentucky Rural Water Training Programs; and utilizing these programs as development incentives for plant personnel.

Commissioners will encourage operators to further their education through short courses, seminars, subscription to journals and periodicals relative to the operation and maintenance of water treatment plants.

~~Operator Responsibilities~~

- (1) Exhibit knowledge of start-up and shut-down procedures along with proper operation of all equipment necessary in the production of potable water.
- (2) Perform preventative and routine maintenance on all equipment.
- (3) Maintain accurate records as required by the Division of Water (DOW) and the Public Service Commission (PSC) including: Monthly Operating Reports (MOR'S), pressure recordings(if req'd), equipment service intervals, raw water withdrawals, discharge monitoring reports, etc.
- (4) ~~Collect and analyze water samples as required by DOW to prevent Maximum Contaminant Level (MCL) violations. Also perform other sampling and testing necessary to determine chemical feed-rates for proper water treatment.~~

KENTUCKY LEAGUE OF CITIES WORKERS' COMPENSATION TRUST
CLASSIFICATION CODES

- 0005 FARM NURSERY EMPLOYEES** – applies to all acreage or facilities devoted to the propagation of trees, shrubs, plants of flowering shrubs. Includes retail or wholesale sales conducted from the nursery location.
- 0042 LANDSCAPE GARDENING & DRIVERS** - Includes laying out grounds, planting trees, shrubs, flowers or lawns. Also covers employees who do sodding, seeding, planting and similar work necessary for the beautification of roadsides in connection with street or road construction. (See Code 9102 for lawn care and maintenance).
- 0106 TREE PRUNING, SPRAYING, REPAIRING, TRIMMING, FUMIGATING & DRIVERS** - Applies to those who use hand tools or mechanical equipment to prune, spray, repair, trim or fumigate trees.
- 3724 MACHINERY EQUIPMENT REPAIR, NOC** – applies to contractors specializing in the erection or repair of heavy machinery or equipment at their customers' locations. Also applies to the installation of substation equipment in addition to central station equipment, but does not apply to erection of poles, strigining of wires, installation of transformers on poles or on the outside of buildings or the making of service connections.
- 4361 PHOTOGRAPHER** – applies to those engaged in the business of photography and/or videography. All inclusive and applies to photographers, videographers, laboratory technicians engaged in processing these images and clerical, salespersons and drivers.
- 5160 ELEVATOR, ERECTION, REPAIR** – applies to erection of elevators and escalators including the installation of all electrical apparatus and wiring in connection therewith. Also contemplates the service or repair of elevators and escalators.
- 5183 PLUMBING, NOC & DRIVERS** – applicable to plumbing operations provided that the work performed is not otherwise classified. May install, remove, or repair equipment that is used to direct gas or water supplies to a destination.
- 5188 AUTOMATIC SPRINKLER INSTALLATION** – applicable to installation of various types of automatic sprinkler systems.
- 5190 ELECTRIC WIRING WITHIN BUILDINGS** – applies to installtion of electrical wiring systems within buildings. Also applies to installation of small electrical fixtures such as fuses, plugs or snap switches.
- 5191 OFFICE MACHINE INSTALLATION, APPLIANCE INSTALLATION, INSPECTION** – installation, inspection, adjustment or repair of all types of office mahines. Must engage in operation away from insured's site
- 5192 PARKING METERS** - Installation, service & repair (Meter maids, see code 7720).

- 5221 **CONCRETE OR CEMENT WORK, NOT STREET & ROAD CONSTRUCTION** - any type of ground-supported paving other than paving that is performed on streets or roads

- 5348 **STONE, MOSIAC OR TERRAZZO WORK WITHIN BUILDING** - applies to specialist contractors engaged in interior tile, stone, mosiac or terrazzo work (decorative). Does not include setting of rough tile work of the type used in structural partitions.

- 5437 **CARPENTRY** - All general carpentry.

- 5445 **WALLBOARD INSTALLATION WITHIN BUILDING** - installation of drywall, plasterboard and Sheetrock in private or commercial buildings.

- 5462 **GLAZIER, AWAY FROM SHOP** - applies to employees of glass merchants engaged in the delivery and installation of plate glass windows in storefronts or elsewhere, in houses and commercial buildings and the installation of mirrors.

- 5473 **ASBESTOS CONTRACTOR** - applies to contractors engaged in asbestos related operations other than pip and boiler work. Operations include removal, replacement or repair of existing asbestos coverings as well as installation involving enclosure or encapsulation.

- 5474 **PAINTING OR PAPERHANGING NOC** - applies to painting contractors engaged in painting and paperhanging provides such work is not otherwise classified.

- 5478 **CARPET, LINOLEUM OR VINYL FLOOR INSTALLATION** - applies to installation of coverings commonly referred to as carpet, linoleu or non-ceramic tiles. Contemplates the installation of these goods to walls, floors and other surfaces.

- 5506 **STREET OR ROAD CONSTRUCTION: PAVING OR REPAIRING & DRIVERS** - Applies to paving and surfacing of new streets or roads, or the repaving or resurfacing or scraping of existing streets or roads. Also includes highway toll road employees.

- 5551 **ROOFING - ALL KINDS & DRIVERS** - applies to roofing activities of all kinds.

- 5606 **CONTRACTOR, EXECUTIVE SUPERVISOR** - applies to executive supervisor of both speciatly and general contracting risks.

- 6217 **EXCAVATION & DRIVERS** - Includes borrowing, filling or back-filling, grading or excavation in connection with street or road construction, dam or lock construction. Also includes floodwall maintenance and attendants.

- 6306 **SEWER CONSTRUCTION - ALL OPERATIONS & DRIVERS** - Applies to the installation of main type sewage work, the installation of storm sewer lines, construction of drain concrete boxes, catch basins, manholes, laying of pipe, etc. Also applies to storm and sanitary sewer construction projects.

- 6319 **GAS MAIN OR CONNECTION CONSTRUCTION & DRIVERS** - Restricted to such work performed for utilities. Includes the construction or installation of gas mains, steam mains water mains or construction that connects these type of mains.

- 6325 **CONDUIT CONSTRUCTION - FOR CABLES & WIRES & DRIVERS** - Includes operations such as digging of a trench, laying of conduit, backfilling. Also applicable to the installation of traffic signals, auto-stops and ornamental street lights, cable laying.

- 7380 **DRIVERS** - Refers to employees who engage in duties on or in connection with vehicles including drivers, chauffeurs, drivers' helpers, garage employees. Also includes bookmobile drivers, senior citizens van drivers, etc. If driving is part of duties performed under another class code, please use that class code.
- 7382 **BUS COMPANY/AMBULANCE SERVICE** - Applied to those engaged in the operation of bus companies, including transit bus lines, charter buses, tour lines and airport buses. Includes ambulance service and emergency medical technicians. Includes drivers and all employees except garage employees (see code 8385).
- 7423 **AIRCRAFT OR HELICOPTER OPERATION: ALL OTHER EMPLOYEES & DRIVERS** - Applies to ground crew employees of aircraft operators. Includes baggage handlers, mechanics, service personnel, radio or navigational equipment repair, hangar personnel, cargo handlers, porters, security, watch guards, fuel attendants, etc.
- 7502 **GAS COMPANY** - Applies to the operation of gas companies involving local distribution of natural gas by means of gas mains or piping to their consumers. Includes store employees, meter readers, drivers and employees engaged in maintenance and operation of plant equipment; installation and repair of meters.
- ~~7520~~ **WATERWORKS OPERATION & DRIVERS** - Includes store employees, and meter readers and applies to the operations of a water plant which can be operated by a municipal board or commission. The installation, repair and maintenance of water mains, taps, meters and fire plugs are included in this code.
- 7538 **ELECTRIC LIGHT OR POWER LINE CONSTRUCTION & DRIVERS** - Applies to line construction. Includes drivers, the setting of poles or towers including the excavation and concrete work, overhead stringing of high tension wires or cables and the installation of circuit breakers and transformers on poles or towers.
- 7539 **ELECTRIC LIGHT OR POWER COMPANY - ALL EMPLOYEES & DRIVERS** - Applies to the operation of public electric light or power companies. Includes store employees, meter readers, drivers, maintenance and repair crews and crews "on standby" for emergencies.
- 7580 **SEWAGE DISPOSAL PLANT OPERATION & DRIVERS** - Covers all operations of a sewage disposal plant which can be operated by a municipal board or commission.
- 7590 **GARBAGE WORKS** - Covers all operations of a garbage reduction/incineration plant which can be operated by a municipal board. (See Code 9403 for collection and drivers). Includes recycling centers and landfills.
- 7600 **TELEPHONE OR TELEGRAPH** - applies to all employees of telephone or telegraph companies other than those working within offices or exchanges.
- 7610 **RADIO OR TV BROADCASTING** - applies to all employees of radio or television broadcasting stations.
- 7704 **FIREFIGHTERS & DRIVERS** - Applied to firefighters employed by municipalities. Includes part-time. Does not include volunteers.
- 7720 **POLICE OFFICERS & DRIVERS** - Applies to all police officers employed by municipalities. Includes volunteer/auxiliary police, correction department employees, highway patrols, juvenile probation officers, meter maids, safety and citation officers, jail employees. (Dispatchers see Code 8810).

- 8264 **BOTTLE DEALER, USED & DRIVERS** – applies to dealers who handle second hand material such as bottles, paper stock, rags and rubber.
- 8380 **AUTOMOBILE SERVICE OR REPAIR CENTER & DRIVERS** - Includes those who perform routine service or minor repair work on automobiles, trucks, vans, and motorcycles.
- 8385 **BUS COMPANY - GARAGE EMPLOYEES ONLY** - Applied to all garage employees of bus companies, taxicab companies, ambulance service companies and contract school bus companies, who perform all mechanical repairs, service with gas, oil and water, check and change tires or batteries, wash and clean vehicles, and any other duties required to keep the vehicles and garage equipment in good working order.
- 8393 **AUTOMOTIVE BODY REPAIR** – applies to those engaged in the business of metal, fiberglass and plastic automobile body repair work including incidental upholstery and painting.
- 8601 **ARCHITECT OR ENGINEER** – applies to those engaged in the architectural or engineering profession as a separate and distinct business. (City engineers and architects are classified under code 9410)
- 8720 **RISK MANAGEMENT** - Includes insurance inspectors and/or safety engineers, appraisers of fire companies and real estate who are not otherwise classified.
- 8742 **OUTSIDE SALESPERSON** – Includes any outside salespersons, collector, messenger, adjuster, case workers, etc.
- 8810 **OFFICE EMPLOYEES** - Includes mayors, council members, city managers, city clerks/treasurers and all clerical employees. Also includes radio dispatchers, executive directors, resident coordinators.
- 8820 **CITY ATTORNEYS** - Includes attorneys employed by the city. If attorney is on retainer from a law firm, please do not include that amount.
- 8829 **CONVALESCENT OR NURSING HOME** - Applies to all employees, both professional and nonprofessional which provide medical care and daily living assistance to the aged and/or infirm.
- 8831 **DOG CATCHERS** - Applies to dog catchers, boarding kennels and grooming. Includes all employees.
- 8832 **PHYSICIAN & CLERICAL** – applies to medical providers that operate in a typical doctor's office environment.
- 8833 **HOSPITAL: PROFESSIONAL EMPLOYEES** - Applies to professional employees of all public or private hospitals.
- 8835 **NURSING** – applies to both public and privately owned enterprises engaged in furnishing nursing or health care services in the homes of individual patients.
- 8861 **CHARITABLE & WELFARE ORGANIZATIONS PROFESSIONAL EMPLOYEES & CLERICAL** – applicable to institutions that provide charitable, welfare or social services to mentally, physically or emotionally challenged persons. Includes

administrators, counselors, executive directors, resource and referral specialists, case managers, etc.

- 8868 **SCHOOL: PROFESSIONAL/CLERICAL EMPLOYEES** - Applied to professional employees of academic, trade or vocational institutions. Includes professors, administrators, teachers, guidance counselors, therapists, nurses, athletic coaches and clerical employees.
- 8869 **CHILD DAYCARE CENTER – PROFESSIONAL EMPLOYEES** – applicable to professional employees of child day care centers.
- 9014 **BUILDINGS, OPERATIONS BY CONTRACTOR** – applies to those engaged in providing janitorial services for others.
- 9015 **JANITOR, BUILDING OPERATION & MAINTENANCE** - Applies to all superintendents, custodial and maintenance operations.
- 9016 **AMUSEMENT PARK OPERATIONS & DRIVERS** – applies to those engaged in the operation of amusement parks or exhibitions at a fixed location whether operated by owners or lessees. Does not include the operation of amusement devices.
- 9033 **HOUSING AUTHORITY** – Includes all employees of housing authorities.
- 9040 **HOSPITAL: ALL OTHER EMPLOYEES** - Applies to employees of hospitals who are not classified elsewhere.
- 9059 **CHILD CARE CENTER – ALL OTHER EMPLOYEES** - applies to nonprofessional employees of child care centers.
- 9060 **CLUB: COUNTRY, GOLF & CLERICAL** - Includes managers, teaching pros or instructors, bar and restaurant personnel, swimming pool and tennis court employees, and office employees. Golf courses operated by municipalities are also classified under this code.
- 9061 **CLUBS** - Senior citizens centers, business, social or athletic clubs. Includes all employees, clerical and otherwise.
- 9063 **YMCA – ALL EMPLOYEES** – applies to those engaged in the operation of YMCA or YWCA
- 9082 **RESTAURANTS** – applies to those engaged in the operation of restaurants
- 9101 **LIBRARY/SCHOOL CROSSING GUARDS - ALL OTHER EMPLOYEES** - Includes maintenance, care, custody of buildings, grounds, and equipment of public libraries or museums belonging to municipalities, etc. (Office employees, administrators and librarians see code 8810).
- 9102 **PARKS & RECREATION** - Applies to all employees engaged in the operation of public parks. Includes grass cutting, weed control and lawn spraying, operation and maintenance of all buildings, park grounds, baseball diamonds, tennis courts, swimming pools, etc. Also applies to employees engaged in any form of recreational activities instruction.

- 9110 **CHARITABLE, ALL OTHER EMPLOYEES, VOLUNTEERS** – see description under code 8861
- 9154 **THEATER** – applies to all other employees of theaters, those not employed as players, entertainers or musicians.
- 9220 **CEMETERY OPERATIONS & DRIVERS** - Applies to all cemetery operations and routine maintenance work.
- 9402 **STREET CLEANING & DRIVERS** - Applies to cleaning performed by either manual or mechanical means. Includes street cleaning, snow removal, cleaning storm sewers and street mains, patching potholes, street maintenance (limb removal, leaf removal, mowing right of ways and medians).
- 9403 **GARBAGE COLLECTION & DRIVERS** - Applied to those engaged in public collection of garbage, ashes or refuse and the transporting of same to waste reduction or incinerator plants. Includes all drivers, automated and manual.
- 9410 **MUNICIPAL EMPLOYEES** - Includes inspectors, planners, engineers, community health, environmentalists, directors of public works, welfare workers, tax assessors. Applies to any employees not otherwise classified in these descriptions.
- 9516 **RADIO/TV INSTALLATION, REPAIR** – applies to those engaged in the installation, service or repair of radios and television sets, includes erection of antennae.



City of Augusta
Water Treatment Plant Costs

Water Treatment Plant costs were determined as follows:

- A separate fund is maintained for the water treatment plant. After the fiscal year ends, we hire Penny Stanfield, CPA to assist with closing of the books to prepare for the annual audit. During that process, several adjusting entries are made that are normal closing entries, for example recording depreciation, adjusting bond balances, balancing accounts receivable, etc.
- A detailed review is completed on the repairs and maintenance accounts which resulted in reclassification of expenses to capital assets.
- Accounts payable invoices were recorded for invoices received and/or paid after the fiscal year end but were incurred during the year under audit.
- Miscellaneous income and expense accounts are reviewed in detail.
- After all the adjustments have been made, operating costs are summarized and significant fluctuations from the prior year are investigated and reviewed by the City Clerk for possible reclassifications.
- Water treatment plant operating costs do not include depreciation, capital additions, and interest expense.

DONNA J. HENDRIX
CERTIFIED PUBLIC ACCOUNTANT

MEMBER: K.S.C.P.A.
A.I.C.P.A.

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July 1, 2014

To City of Augusta:

We are pleased to confirm our understanding of the services we are to provide City of Augusta for the year ended June 30, 2014. We will audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of City of Augusta as of and for the year ended June 30, 2014. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement City of Augusta's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to City of Augusta's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis.

Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of City of Augusta and other procedures we consider necessary to enable us to express such opinions. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The reports on internal control and compliance will each include a paragraph that states that the purpose of the report is solely to describe the scope of testing of internal control over financial reporting and compliance, and the result of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance, and that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and

compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that City of Augusta is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Management Responsibilities

Management is responsible for the financial statements and all accompanying information as well as all representations contained therein. As part of the audit, we will assist with preparation of your financial statements and related notes. You will be required to acknowledge in the written representation letter our assistance with preparation of the financial statements and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. You agree to assume all management responsibilities for any nonaudit services we provide; oversee the services by designating an individual, preferably from senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for ensuring that management is reliable and financial information is reliable and properly recorded. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants for taking timely and appropriate steps to remedy any fraud, violations of contracts or grant agreements, or abuse that we may report.

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to [include the audited financial statements with any presentation of the supplementary information that includes our report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon]. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) that you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other

studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of City of Augusta's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Engagement Administration, Fees, and Other

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to

maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We will provide copies of our reports to the City Council; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Donna J. Hendrix, CPA, PSC and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to select government agencies or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Donna J. Hendrix, CPA, PSC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the City of Augusta. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit on approximately November 15, 2014 and to issue our reports no later than December 16, 2014. Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will not exceed \$7,900. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

We appreciate the opportunity to be of service to City of Augusta and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,



Donna J. Hendrix, CPA

RESPONSE:

This letter correctly sets forth the understanding of Donna J. Hendrix, CPA.

By:  _____

Title: Mayor _____

Date: 7-1-14 _____

BRACKEN COUNTY WATER DISTRICT
1324 BROOKSVILLE GERMANTOWN RD
P O BOX 201
BROOKSVILLE KY 41004
606-735-3513

July 8, 2008

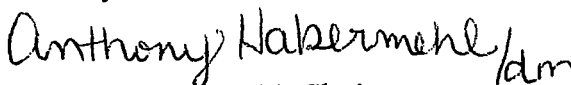
City of Augusta
Mayor High
PO Box 85
Augusta, KY 41002

Wendell,

Paragraph 5 of the Water Purchase Contract Modification Agreement provides for the establishment of a Water Supply Advisory board. The committee was to be established in May. To the best of my knowledge is regarding the board, it has yet to be put into place. We agreed to the back payments, increased rate, etc. with the understanding that the advisory board would be established. With the payment of the June invoice, we have made three payments and the board has yet to be established. If the advisory board is not established we will consider withholding future payments.

We have asked Eddie Kern to represent the water district on the board. We have been checking into a candidate to represent the City of Brooksville. Please contact our office with an expected date that this committee will be in place.

Sincerely,


Anthony Habermehl, Chairman

AH/dm

BRACKEN COUNTY WATER DISTRICT
1324 BROOKSVILLE GERMANTOWN RD
P O BOX 201
BROOKSVILLE KY 41004
606-735-3513

Handwritten: Exhibit 14-a
Page 2 of 24
by City office
8/18/08

July 18, 2008

City of Augusta
Mayor Wendell High
PO Box 85
Augusta KY 41002

Wendell,

At our regular meeting in June it was discussed that there had been a lightning storm on June 16th that caused a malfunction with the telemetry equipment at the treatment plant. Due to the malfunction the pumps at our clear well did not shut down and according to the plant operators approximately 154,000 gallons of water was pumped over the hill. We would like for someone to explain why the plant was not being monitored during a storm. Our board discussed the loss again at our meeting in July and we expect to be credited for the loss.

We also sent you a letter regarding the establishment of the advisory board. Our board made a motion at the meeting that we will be withholding the payments for the undercharge in the amount of \$2,354.17 per month. After the board is put in place we will reconsider starting the payments.

Also, since the end of the fiscal year has passed the audit of the treatment plant should be starting soon and we would like for you to keep us updated on the progress.

Sincerely,

Anthony Habermehl/dm
Anthony Habermehl, Chairman

AH/dm

From: Gretchen England (gengland@augustaky.com)
To: 'tina sticklen'
Date: Friday, July 17, 2009 10:39:47 AM
Subject: water board meeting

Please let Cynthia know that the water board meeting has been set up for Thursday, July 23, 2009 at 5 at the City Office.

Thanks.

LAW OFFICES
THOMPSON & SANNING, P.S.C.
202 EAST RIVERSIDE DRIVE
AUGUSTA, KENTUCKY 41002

CYNTHIA C. THOMPSON, ESQ.
MATTHEW T. SANNING, ESQ.

TELEPHONE
(606) 756-2663
(606) 756-2066
FACSIMILE
(606) 756-2664

FACSIMILE TRANSMISSION

Attn: Wendell High, Mike Clark, & Anthony Habermehl

Date: 8/26/2008

Re: Plant Issues

At Fax Number: 756-2185, 735-2925, & 735-3017

Number of Pages, Including this one: 1

MESSAGE:

Just as a reminder of the meeting regarding the plant
issues will be held at the Augusta City Office on August 27th,
2008 at 3:00 p.m.

THE INFORMATION CONTAINED IN THIS FACSIMILE IS CONFIDENTIAL AND INTENDED FOR THE RECIPIENT ONLY. SHOULD YOU RECEIVE THIS TRANSMISSION IN ERROR, PLEASE CONTACT THE SENDER IMMEDIATELY AT THE TELEPHONE NUMBER LISTED ABOVE AND ARRANGMENTS WILL BE MADE TO RETRIEVE THE DOCUMENTS. THANK YOU FOR YOUR ANTICIPATED COOPERATION.

TRANSMISSION VERIFICATION REPORT

TIME : 08/26/2008 13:40
NAME : THOMPSON AND SANNING
FAX : 6067562664
SER.# : BROD6F728560

| | |
|--------------|-----------------|
| DATE, TIME | 08/26 13:39 |
| FAX NO./NAME | 7562185 |
| DURATION | 00:00:16 |
| PAGE(S) | 01 |
| RESULT | OK |
| MODE | STANDARD ECM |

TRANSMISSION VERIFICATION REPORT

TIME : 08/26/2008 13:36
NAME : THOMPSON AND SANNING
FAX : 6067562664
SER.# : BROD6F728560

| | |
|--------------|-----------------|
| DATE, TIME | 08/26 13:36 |
| FAX NO./NAME | 7352925 |
| DURATION | 00:00:15 |
| PAGE(S) | 01 |
| RESULT | OK |
| MODE | STANDARD ECM |

TRANSMISSION VERIFICATION REPORT

TIME : 08/26/2008 13:38
NAME : THOMPSON AND SANNING
FAX : 6067562664
SER.# : BROD6F728560

| | |
|--------------|-------------|
| DATE, TIME | 08/26 13:37 |
| FAX NO./NAME | 7353017 |
| DURATION | 00:01:00 |
| PAGE(S) | 01 |
| RESULT | OK |
| MODE | STANDARD |

March 26, 2009

Bracken County Water Advisory Board

TO: Wendell High, August Mayor
John Corlis, Brooksville Mayor
Anthony Habermehl, Bracken County Water District

Initial Recommendations for Water Treatment Plant:

After review of documentation, payroll records, fiscal audits and multiple visits to the water treatment plant and personnel interviews, we feel there are multiple issues to be addressed in regards to improving the efficiency of the water treatment plant.

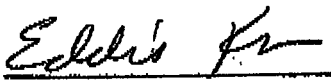
To rectify these issues, we recommend the following:

- 1. Discuss with advisory board issues with management of the plant
- 2. Preventive maintenance scheduling and repair
- 3. Discuss hourly employee scheduling
- 4. Discuss personnel policy regarding health insurance.

We have identified many issues to improve efficiency of the plant, but we feel the above 4 issues are the most crucial at this time to create an efficient and fiscally responsible operation.



Vaughn Kelsch



Eddie Kern



Andy Reynolds

EMP NO: 170 SSN [REDACTED] NAME: REYNOLDS*FREDERICK A.
PAY PERIOD: 06/12/2009 REGULAR RATE: 0.5769

HOURS:
TOTAL HOURS

EARNINGS:
REGULAR PAY
SALARY 600.00
GROSS PAY 600.00

TAXES:
FICA 45.90
STATE WH TAX 17.29
CITY WH TAX 6.00
TOTAL TAXES 69.19

DEDUCTIONS:
TOT DEDUCTIONS

YEAR TO DATE:
GROSS EARNINGS 900.00
FICA 68.85
FEDERAL WH TAX
STATE WH TAX 22.21
OTHER ST TAX
CITY WH TAX 9.00
NET PAY 530.81

06/19/2009 13748

* NON-NEGOTIABLE * * THIS IS NOT A CHECK * *VOID*

*****530.81 *VOID*

REYNOLDS*FREDERICK A.
[REDACTED]
[REDACTED]

EMP NO: 171 SSN: [REDACTED] NAME: KELSCH*JOSEPH V.
PAY PERIOD: 06/12/2009 REGULAR RATE: 0.5769

HOURS:
TOTAL HOURS

EARNINGS:

REGULAR PAY
SALARY 600.00
GROSS PAY 600.00

TAXES:

FICA 45.90
STATE WH TAX 17.29
CITY WH TAX 6.00
TOTAL TAXES 69.19

DEDUCTIONS:

TOT DEDUCTIONS

YEAR TO DATE:

GROSS EARNINGS 900.00
FICA 68.85
FEDERAL WH TAX
STATE WH TAX 22.21
OTHER ST TAX
CITY WH TAX 9.00
NET PAY 530.81

06/19/2009 13749

* NON-NEGOTIABLE * * THIS IS NOT A CHECK * *VOID*

*****530.81 *VOID*

KELSCH*JOSEPH V.
[REDACTED]

MP NO: 172 SSN: [REDACTED] NAME: KERN*EDDIE B.
AY PERIOD: 06/12/2009 REGULAR RATE: 0.5769

HOURS:
TOTAL HOURS

EARNINGS:

REGULAR PAY
SALARY 600.00
GROSS PAY 600.00

TAXES:

FICA 45.90
STATE WH TAX 17.29
CITY WH TAX 6.00
TOTAL TAXES 69.19

DEDUCTIONS:

TOT DEDUCTIONS

YEAR TO DATE:

GROSS EARNINGS 900.00
FICA 68.85
FEDERAL WH TAX
STATE WH TAX 22.21
OTHER ST TAX
CITY WH TAX 9.00

NET PAY 530.81


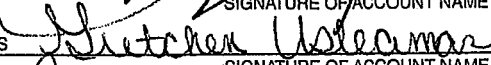
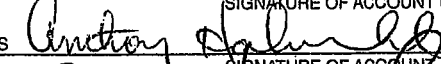
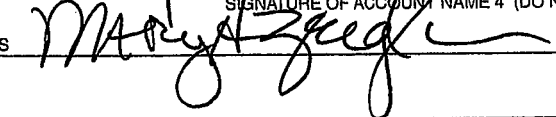
06/19/2009 13750

* NON-NEGOTIABLE * * THIS IS NOT A CHECK * *VOID*

*****530.81 *VOID*

KERN*EDDIE B.
[REDACTED]
[REDACTED]

THE BANK IS HEREBY AUTHORIZED TO RECOGNIZE THE SIGNATURE(S) SUBSCRIBED BELOW IN THE PAYMENT OF FUNDS OR THE TRANSACTION OF ANY BUSINESS FOR THIS ACCOUNT. ALL TRANSACTIONS SHALL BE GOVERNED BY APPLICABLE LAWS AND THE BANK'S TERMS (COPY ACKNOWLEDGED AS RECEIVED HEREWITH) THAT PERTAIN TO THE TYPE OF ACCOUNT AND STYLE OF OWNERSHIP INDICATED ON THIS CARD. UPON THE REQUEST OF THE BANK, ANY CONSUMER REPORTING AGENCY IS HEREBY INSTRUCTED TO FURNISH A CONSUMER REPORT RELATING TO THE UNDERSIGNED TO THE BANK. REFER TO RESOLUTION FILE FOR AUTHORIZATION OF SIGNATURES WHERE AUTHORIZATION IS REQUIRED.

| | | | | |
|-------------------------------|-------------------------------|--|--|-----------------------|
| <input type="checkbox"/> MR. | <input type="checkbox"/> MS |  | SIGNATURE OF ACCOUNT NAME 1 (DO NOT PRINT) | |
| <input type="checkbox"/> MRS. | <input type="checkbox"/> MISS | | | 1-2-15 <i>Removed</i> |
| <input type="checkbox"/> MR. | <input type="checkbox"/> MS |  | SIGNATURE OF ACCOUNT NAME 2 (DO NOT PRINT) | |
| <input type="checkbox"/> MRS. | <input type="checkbox"/> MISS | | | |
| <input type="checkbox"/> MR. | <input type="checkbox"/> MS |  | SIGNATURE OF ACCOUNT NAME 3 (DO NOT PRINT) | |
| <input type="checkbox"/> MRS. | <input type="checkbox"/> MISS | | | 9-16-2009 |
| <input type="checkbox"/> MR. | <input type="checkbox"/> MS |  | SIGNATURE OF ACCOUNT NAME 4 (DO NOT PRINT) | |
| <input type="checkbox"/> MRS. | <input type="checkbox"/> MISS | | | 1-3-15 |

REMARKS

Certification: Under penalties of perjury, I certify that:

- (1) The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
- (2) I am not subject to backup withholding because (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
- (3) I am a U.S. Citizen or other U.S. person.
- (4) I am an exempt payee. To claim the exemption, you must check this box.

Certification Instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to back up withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividend you are not required to sign the Certification, but you must provide your correct TIN.

The Internal Revenue Service does not require your consent to any provision of this document other than the certifications required to avoid backup withholding.

Signature of U.S. Person _____

Date

5-28-09

BRACKEN COUNTY WATER DISTRICT
1324 BROOKSVILLE GERMANTOWN RD
P O BOX 201
BROOKSVILLE KY 41004
606-735-3513

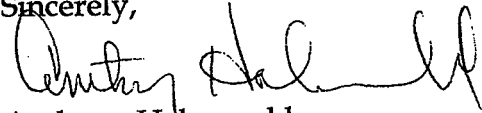
February 23, 2010

City of Augusta
Mayor Laycock
PO Box 85
Augusta KY 41002

Mr. Laycock,

The commissioners would like to know when the advisory board for the treatment plant will be having their next meeting. We have some questions regarding pump run times, etc. and would like to be notified in order for some of us to attend.

Sincerely,



Anthony Habermehl,
Chairman

CC: Cynthia Thompson

BRACKEN WATER DISTRICT
PO BOX 201
BROOKSVILLE, KENTUCKY 41004
606-735-3513

October 27, 2011

Mayor John Laycock
City of Augusta
PO Box 85
Augusta KY 41002

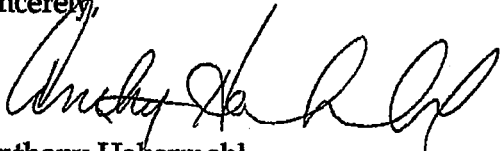
Dear John,

It has recently come to our attention that there is an issue with at least two of the wells that supply the treatment plant. Although we don't understand why you didn't notify us, we are willing to work with the City to get the matter resolved.

We would like to know the balance of the depreciation reserve account and what portion of the repair can be funded by it. We would also like to see some type of maintenance schedule adopted in regards to recharging the wells and pump maintenance.

I would appreciate it if you would keep us up to date regarding this and any other necessary repairs. I think it is in the best interest of all of us to work together. We have some new members on our board that I think would have some useful input. I think it would be a good idea to schedule a meeting to bring everybody up to date on this situation and it would also give our new members the opportunity to tour the plant. Please contact the office to schedule a time that is convenient for you.

Sincerely,



Anthony Habermehl,
Chairman

AH/dm

BRACKEN WATER DISTRICT
PO BOX 201
BROOKSVILLE, KENTUCKY 41004
606-735-3513

December 6, 2011

Gretchen England-Usleaman
City of Augusta Clerk/Treasurer
PO Box 85
Augusta, KY 41002

Dear Gretchen,

I am enclosing the payment for November, less the Capital Cost, as I was previously instructed by the board to withhold. We haven't had a meeting since I received the bill for the undercharge. Our next meeting is December 21 and I expect them to make a decision after they have had a chance to discuss it completely. We should have plenty of time to get you a check before the end of the year.

Sincerely,

Diana Moran
Diana Moran,
Office Manager

*Send to Cynthia for collection
plus late fees*



Print Images

U.S. Bank Confidential Communication



Requested by: Jo Young

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Item #1
 Account No.: [REDACTED] Check No.: 0 Sequence No.: [REDACTED]
 Amount: \$19447.52 Routing No.: [REDACTED] Date: 12/14/2011

Front: WARNING: DO NOT CASH THIS INFINITE CHECK! SECURE CHECK IF ANY FEATURES LISTED ON BACK INDICATE TAMPERING OR COPYING

| | | |
|---|--|---------------------|
| BRACKEN COUNTY WATER DISTRICT P.O. BOX 201 BROOKSVILLE, KY 41004 (606) 739-3513 | FIRST NATL BANK OF BROOKSVILLE BROOKSVILLE, KY 41004 73362431 | 13456 |
| PAY TO THE ORDER OF <u>CITY OF AUGUSTA</u> | | \$ <u>19,447.52</u> |
| Nineteen Thousand Four Hundred Forty Seven and 52/100 | | DOLLARS |
| CITY OF AUGUSTA P O BOX 83 AUGUSTA KY 41002 | <i>Bracken County</i> <i>Pam Hopkins</i> | |
| MEMO 12,204,900 GAL. | [REDACTED] | |

Back: [REDACTED]

FOR DEPOSIT ONLY
CITY OF AUGUSTA
AUGUSTA, KENTUCKY

DO NOT WRITE, STAMP OR SIGN BELOW THIS LINE

ORIGINAL DOCUMENT
DO NOT WRITE, STAMP OR SIGN BELOW THIS LINE

BRACKEN WATER DISTRICT
PO BOX 201
BROOKSVILLE, KENTUCKY 41004
606-735-3513

November 21, 2011

Gretchen,

The commissioners would like a copy of the bank statements for the capital cost and depreciation reserve accounts for the past 12 months. Also, copies of any bills that would justify the year end undercharge.

Thanks,
Diana

(Jarr...
at city office)

BRACKEN WATER DISTRICT
PO BOX 201
BROOKSVILLE, KENTUCKY 41004
606-735-3513

December 21, 2011

Mayor John Laycock
City of Augusta
PO Box 85
Augusta KY 41002

Mayor Laycock,

The district commissioners had our meeting today and we reviewed the rate increase and the bill from the City of Augusta for the undercharge for FY2010-2011 and the Capital cost from May through October 2011. Enclosed you will find a check in the amount of \$38,508.75. This check will cover the Capital cost from May 2011 through November 2011. My commissioners and I are in agreement that the year end undercharge and the depreciation reserve funds will not be paid until we have been given the opportunity to review all bills that contributed to the rate increase. We feel that not only does the Water Purchase Contract Modification Agreement of 2008 provide for copies of all monthly expenditures for the plant to be provided to us, the fact that we fund 75% of those expenses should entitle us to those receipts without question.

Our attorney has been contacted by your attorney and she has informed him that copies of bills can be provided, however, we will have to reimburse the City of Augusta for copy expenses. Nowhere does the contract state that we will have to reimburse the city for copies, but if that is an issue, we will suggest that since a portion of your office staff salary is partially funded through the plant, you could send someone to the treatment plant to use the copy machine there to send us our copies.

We want copies of all bills for chemicals and repairs, both major and minor, for FY2009-2010, FY2010-2011 to current. We also want copies of approval from Rural Development for all major repairs. We want copies of original statements from US Bank showing deposits and withdraws from the bond reserve account and the depreciation reserve account. We also want a report on the number of gallons treated and sold to both the City of Augusta and the Bracken County Water District. We understand that Caustic soda is once again being added to the water, but the district has not been purchasing as much water recently, so chemical costs, in reality, should be reduced.

On behalf of the water district board, the chairman instructed Diana to contact Gretchen to request copies of invoices that would substantiate this increase. She was further instructed

An Equal Opportunity Employer


to contact Penny Stanfield. As you may know, Penny has been the district auditor for several years and we have a pleasant rapport with her. We asked Diana to talk to Penny for some type of insight to this increase. At no time whatsoever did we question the accuracy of the audit, as was indicated by your attorney.

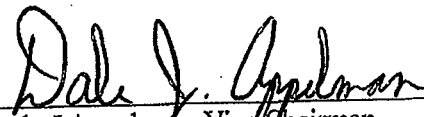
We also want to draw your attention to paragraph 3 of the Contract Agreement, which states that no funds shall be withdrawn nor any check written on the depreciation reserve account without the signature of both the Mayor of Augusta and the Chairman of the Bracken County Water District. On April 21, 2011 we have a copy of a transfer on that account for \$36,228.86, which was not authorized by either party. If the signatures were in place as they were supposed to be, some of these questions regarding the increase would already be answered.

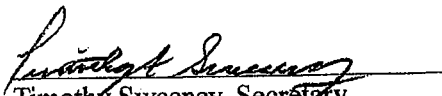
We have made several good faith attempts to work with the Mayor of Augusta, both past and present. We have sent letters asking that you keep us posted on issues involving the plant. If you would attempt to work with us we could possibly get the plant maintenance back on schedule and potentially keep from increasing the rates so drastically.

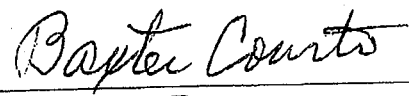
Upon receipt and review of the requested documents we will be in contact with you. We may have our attorney request a joint meeting with the Advisory Board, the mayor, district board members and the attorney's for both the district and the city.

Sincerely,
Bracken County Water District Board of Commissioners


Anthony Habermehl, Chairman


Dale J Appelman, Vice Chairman


Timothy Sweeney, Secretary


Baxter Courts, Treasurer


Eddie Kern, Commissioner

FW: Questions re: Augusta Regional WTP Rate Determination I have asked Gretchen to forward this information onto Anthony. We have two options as I see it – leave the rate same and contribute \$0.09 per 1000 gallons to the depreciation fund for this budget year or resubmit the new rate to the PSC for approval. The first option will help with rate stability and also help to bring the depreciation fund into compliance earlier. We would need to continue the required monthly payment plus the \$0.09 per 1000 gallons. The second option will lower the rate causing both agencies to resubmit rates for approval. We will still have the issue of the depreciation fund and making capital payments to projects. We are open to both but I think the first option is best.

Thanks
John

----- Forwarded Message

From: Gretchen England <gengland@augustaky.com <http://gengland%40augustaky.com> >
Date: Fri, 6 Jan 2012 16:26:22 -0500
To: John Laycock <jlaycock@augustaky.com <http://jlaycock%40augustaky.com> >
Subject: FW: Questions re: Augusta Regional WTP Rate Determination

From: Penny Stanfield [mailto:pstanfield@windstream.net]
Sent: Friday, January 06, 2012 2:37 PM
To: ccthompsonatty@yahoo.com <http://ccthompsonatty%40yahoo.com>; gengland@augustaky.com <http://gengland%40augustaky.com>
Subject: RE: Questions re: Augusta Regional WTP Rate Determination

Cynthia,

Attached is a recalculation of the rate. After further consideration, I feel like the \$20,445 of repairs that was part of the authorized withdraw from the RD depreciation fund has caused the operating expenses used in the rate calculation to be overstated since this expenditure did not affect the cash of the water treatment plant. The authorized withdraw was \$36,228.86, with \$15,783.86 being capitalized and not included in repairs expense. However, the depreciation fund monthly deposit will need to be increased to cover the withdraw and to be in compliance with Rural Development.

The repair expense account was not double charged. I reviewed account number 81.399.810.803 "repairs" in detail. I examined all invoices over \$1000 to search for unrecorded capital costs. The account was adjusted by Gretchen as instructed. On the rate calculation sheet, the caption "Repairs and Supplies" refers only to account number 81.399.810.803, repairs, which may include some minor supplies, but mostly appears to be repairs.

To answer the question regarding BCWD making a lump-sum payment for repairs, versus taking the money out of the depreciation fund to avoid surprise increases in the rate all comes down to what is a true repair and what is a capitalized cost. Most major repairs that extend the life of the asset are going to be capitalized and not included in the rate calculation. I think for cash flow purposes of the water treatment plant, this would be a great help, but most of the time would not affect the rate.

I hope this clears up the questions, let me know if I can provide any further assistance.

Penny Stanfield, CPA

From: ccthompsonatty@yahoo.com <<http://ccthompsonatty%40yahoo.com>>
[mailto:ccthompsonatty@yahoo.com]
Sent: 01/05/2012 7:43 AM
To: pstanfield@windstream.net <<http://pstanfield%40windstream.net>>
Cc: Michael Clark
Subject: Questions re: Augusta Regional WTP Rate Determination

Hi Penny,

I hope you are doing well.

The Mayor asked that I contact you to determine your responses to several questions that were posed at a meeting last night that included John, Mike Clark, Gretchen, Anthony, Diane, 2 Commissioners and myself. Mike Clark will receive this e-mail, and it would be appreciated if you could also include him in your response.

As you are aware, the BCWD and the City have each been paying directly into the depreciation reserve account to help us get the number up to \$94,200.00 which is the amount we are to build it up to per ordinance. (The ordinance provides we are to build up this account with the excess revenue in the revenue fund, but I think historically we have not had any excess in that fund to use for this purpose.)

BCWD has been contributing 75% and the City 25% of the monthly payment (they have been withholding these payments for the last several months due to some communication issues which we are hoping we will resolve shortly. When we notified them of the recent rate increase, it naturally raised some concerns.

The first question concerns the rate formula. In calculating the rate, the formula calls for the inclusion of all expenses in making the water (but capitalization costs are to specifically excluded). It would seem that repairs would not be a capitalization cost, since they are repairs, but this issue has been raised for clarification as well. Is this in fact correct, that the exclusion of capital expenses would not include the exclusion of repairs to the plant?

Secondly, when the expenses for the cost of the water were calculated, there is concern about the possibility of being double-charged by first paying into the account, and second by having the repairs then paid out of the account.

We did have some big repairs last year, but since repairs and supplies are in one column, we are not sure how much of the number on the audit is for repairs and how much is for supplies.

(After thinking this through, it seems there may not be a "double-charge" in this regard since if I am correct *the payment both entities make into the account is not being figured into the expense of the water.* What is being counted in the calculation of the rate is the money that is flowing out of the account once it is expended for a repair. The money left in the account after the repairs is supposed to be there, as it is a reserve.)

Please let me know the proper analysis of this situation, and if there needs to be an adjustment to the rate calculation for any reason. I expect both entities will defer to your opinion about these issues, therefore if you feel the rate needs to be recalculated, please proceed with the recalculation and submit a revised rate.

The last question they had has to do with BCWD making a lump sum payment for a repair, versus taking the money out the depreciation reserve account for repairs. They feel that making a lump sum payment for a repair versus taking the repair expense out of the depreciation reserve account might somehow help them avoid the surprise of a large rate increase.

Both entities value your opinion and professional expertise and just want to get the current issues resolved so they can continue to work together on any upcoming issue which may be on the horizon.

Thank you for your assistance.

Cynthia C. Thompson

No virus found in this incoming message.

Checked by AVG - www.avg.com

Version: 9.0.925 / Virus Database: 271.1.1/4126 - Release Date: 01/06/12 02:34:00

----- End of Forwarded Message

BRACKEN COUNTY WATER DISTRICT
PO BOX 201
BROOKSVILLE KY 41004
606-735-3513

Copy Cynthia
Mike Clark
Elwood

Thanks
February 17, 2012

City of Augusta
Mayor John Laycock
PO Box 85
Augusta KY 41002

Mayor Laycock,

We are enclosing a check for the year-end undercharge for fiscal year 2010-2011 for \$38,104.88. We have reviewed the invoices for the chemicals and have found that they seem to be in order. We appreciate the help that Gretchen and Angie extended to us during our time spent reviewing the files. At this time, we are still holding the depreciation reserve account monies. We see no evidence that the City of Augusta has been making regular deposits to the account and we feel that we have the right to know where that money is and why it hasn't been deposited as it should have been.

We are also holding a portion of the bill for the plant usage. Since the calibration of this meter in late November the usage has doubled. Until this meter is properly tested and calibrated we should not be billed for more than what is normal. If the meter is tested and calibrated properly and found to be in order we will forward the balance as billed. If an error is detected we will expect a credit on our billing.

We understand that you are interested in having a meeting to discuss a new contract between the two entities. We still have some concerns over the expenses at the plant and we agree that changes need to be made. We would like schedule the meeting after we receive the recommendation letter from the Kentucky Rural Water Association audit and have had a chance to review it. When this meeting takes place we want your city council members and all water district board member in attendance.

Thank you for allowing us to come to your office and review the requested documents. We will have Mike Clark contact you when we are able to schedule a meeting.

Sincerely,



Anthony Habermehl, Chairman

AH/dm

Enclosure

AN EQUAL OPPORTUNITY PROVIDER

Exhibit 16

AUGUSTA REGIONAL WATER TREATMENT PLANT WATER USAGE

| YEAR | MONTH | Raw Water | WTP USAGE | BCWD USAGE | AUGUSTA USAGE | TOTAL GALLONS | Blow-downs | Filter Backwash | Other | Water Loss | % Loss |
|---------------|-----------|--------------------|------------------|--------------------|-------------------|-------------------|------------------|-------------------|-----------|--------------|--------|
| 2013 | JULY | 21,716,000 | 307,600 | 13,982,100 | 4,547,000 | 18,836,700 | 1,636,800 | 305,200 | | 937,300 | 4.3% |
| 2013 | AUGUST | 29,777,000 | 431,000 | 14,409,400 | 9,524,000 | 24,364,400 | 1,636,800 | 366,900 | | 3,408,900 | 11.4% |
| 2013 | SEPTEMBER | 23,538,000 | 300,400 | 14,223,400 | 3,189,000 | 17,712,800 | 1,584,000 | 252,600 | | 3,988,600 | 16.9% |
| 2013 | OCTOBER | 24,213,000 | 310,200 | 14,974,300 | 3,193,000 | 18,477,500 | 1,636,800 | 252,300 | | 3,846,400 | 15.9% |
| 2013 | NOVEMBER | 22,968,000 | 308,600 | 14,452,100 | 3,013,000 | 17,773,700 | 1,636,800 | 324,300 | | 3,233,200 | 14.1% |
| 2013 | DECEMBER | 22,086,000 | 289,600 | 13,120,800 | 3,150,000 | 16,560,400 | 1,636,800 | 322,600 | | 3,566,200 | 16.1% |
| 2014 | JANUARY | 25,533,000 | 321,400 | 14,716,500 | 4,436,000 | 19,473,900 | 1,636,800 | 320,100 | 1,000,000 | 3,102,200 | 12.1% |
| 2014 | FEBRUARY | 22,850,000 | 147,200 | 13,431,200 | 3,619,000 | 17,197,400 | 1,680,000 | 313,300 | | 3,659,300 | 16.0% |
| 2014 | MARCH | 19,106,000 | 137,000 | 12,891,300 | 3,702,000 | 16,730,300 | 1,636,800 | 304,500 | | 434,400 | 2.3% |
| 2014 | APRIL | 16,078,000 | 130,000 | 11,732,000 | 3,461,000 | 15,323,000 | 450,000 | 288,300 | | 16,700 | 0.1% |
| 2014 | MAY | 20,668,000 | 153,900 | 13,528,100 | 4,219,000 | 17,901,000 | 500,000 | 309,600 | | 1,957,400 | 9.5% |
| 2014 | JUNE | 22,099,000 | 164,500 | 13,566,200 | 3,973,000 | 17,703,700 | 1,584,000 | 296,800 | | 2,514,500 | 11.4% |
| TOTALS | | 270,632,000 | 3,001,400 | 165,027,400 | 50,026,000 | 17,255,600 | 3,656,500 | 30,665,100 | | 11.3% | |

Other: January - agitator inside plant froze/over flowed approximately 1,000,000 gallons.

KU Franchise Fees

W. Second Street

| DATE | Franchise Fees | Total Bill |
|----------|----------------|------------|
| 07/26/13 | 14.67 | 1,813.52 |
| 08/26/13 | 14.76 | 1,824.09 |
| 09/26/13 | 14.13 | 1,746.94 |
| 10/28/13 | 18.32 | 2,264.88 |
| 11/26/13 | 13.60 | 1,680.82 |
| 12/26/13 | 14.49 | 1,790.70 |
| 01/27/14 | 13.06 | 1,614.40 |
| 02/26/14 | 15.72 | 1,942.99 |
| 03/26/14 | 17.58 | 2,173.23 |
| 04/28/14 | 17.03 | 2,105.63 |
| 05/27/14 | 12.75 | 1,576.53 |
| 06/26/14 | 13.79 | 1,704.70 |

Totals \$179.90

W. Second Street Pump

| DATE | Franchise Fees | Total Bill |
|----------|----------------|------------|
| 07/26/13 | 23.18 | 626.78 |
| 08/26/13 | 4.72 | 583.08 |
| 09/26/13 | 5.60 | 691.81 |
| 10/28/13 | 3.13 | 366.90 |
| 11/26/13 | 4.66 | 575.71 |
| 12/26/13 | 221.00 | 273.16 |
| 01/27/14 | 6.61 | 817.32 |
| 02/26/14 | 6.61 | 817.32 |
| 03/26/14 | 0.77 | 94.73 |
| 04/28/14 | 0.43 | 52.96 |
| 05/27/14 | 2.97 | 367.25 |
| 06/26/14 | 4.09 | 872.63 |

\$283.77

Water Treatment Plant

| DATE | Franchise Fees | Total Bill |
|----------|----------------|------------|
| 7/26/13 | 28.88 | 3,570.07 |
| 8/26/13 | 28.16 | 3,481.72 |
| 9/26/13 | 27.21 | 3,364.87 |
| 10/28/13 | 31.60 | 4,278.44 |
| 11/26/13 | 25.91 | 3,204.53 |
| 12/26/13 | 25.55 | 6,364.36 |
| 1/27/14 | 33.24 | 4,110.57 |
| 2/26/14 | 36.60 | 4,524.57 |
| 3/26/14 | 37.26 | 4,606.44 |
| 4/28/14 | 34.55 | 4,271.36 |
| 5/27/14 | 27.47 | 3,396.03 |
| 6/26/14 | 25.11 | 3,105.09 |

\$361.54

Grand Total \$825.21



a PPL company

Customer Service: 1-800-383-5582 (M-F, 7 a.m. to 6 p.m. ET)
Online Customer Self-Service: www.lge-ku.com (24 hours a day)

Exhibit 23
23

| | |
|-------------------|------------------------|
| Exhibit 23 | |
| DUE DATE | Pay This Amount |
| 01/27/14 | \$1,090.48 |

Current due date applies to the current bill only. Previous amount due may be subject to disconnection.

| Averages for Billing Period | This Year | Last Year |
|-----------------------------|-----------|-----------|
| Average Temperature | 40° | 46° |
| Number of Days Billed | 33 | 31 |
| Electric/kwh per day | 247.5 | 222.0 |

| ACCOUNT INFORMATION | |
|-----------------------|----------------------------------|
| Account Number: | 3000-0517-2774 |
| Account Name: | CITY OF AUGUSTA |
| Service Address: | W Second St Pump AUGUSTA KY |
| Next Read Will Occur: | 01/14/14 - 01/16/14 |
| Date Bill Mailed: | 01/02/14 (Meter Read Portion 10) |

| BILLING SUMMARY | |
|-----------------------------|-----------------|
| Previous Balance | 848.87 |
| Summary Transfer | -575.71 |
| Balance as of 12/31 | 273.16 |
| Current Electric Charges | 787.10 |
| Current Taxes and Fees | 30.22 |
| Current Charges as of 12/31 | 817.32 |
| Total Amount Due | 1,090.48 |

ELECTRIC CHARGES

Rate Type: General Service Three Phase

| | |
|---|-----------------|
| Basic Service Charge | 35.00 |
| Energy Charge (\$0.08799 x 8,170 kWh) | 718.88 |
| Electric DSM (\$0.00178 x 8,170 kWh) | 14.54 |
| Environmental Surcharge (8.30% x (\$768.42 - \$236.28)) | 44.17 |
| Fuel Adjustment (\$-0.00312 x 8,170 kWh) | -25.49 |
| Total Electric Charges | \$787.10 |

Please see reverse side for additional charges.

Customer Service 1-800-383-5582

PLEASE RETURN THIS PORTION WITH YOUR PAYMENT

| Account Number |
|----------------|
| 3000-0517-2774 |

| Payment Due Date | Pay This Amount | Amount Due After Due Date | Winter Care Donation | Amount Enclosed |
|------------------|-----------------|---------------------------|----------------------|-----------------|
| 01/27/14 | \$1,090.48 | \$1,115.00 | | \$ |

Check here if plan(s) requested on back of stub

OFFICE USE ONLY:
MRU10361511, G000000
P848.87
PF:N eB:P



#236503005 1#
CITY OF AUGUSTA
PO BOX 85
AUGUSTA KY 41002-0085

PO BOX 9001954
LOUISVILLE, KY 40290-1954

Service Address: W Second St Pump

PRINTED ON RECYCLED PAPER
Rev. 13.12.13

020300005172774000000011150000001090480000000000015

METER AND USAGE INFORMATION

ELECTRIC

| | Meter Number | Previous Read Date | Previous Reading | Current Read Date | Current Reading | Read Code | Meter Multiplier | Demand | kWh |
|------------------------------------|--------------|--------------------|------------------|-------------------|-----------------|-----------|------------------|--------|-------------|
| General Service Three Phase | | | | | | | | | |
| kwh | 2901167 | 11/08/13 | 51718 | 12/11/13 | 59888 | R | 1 | | 8170 |
| kW-BS | 2901167 | 11/08/13 | | 12/11/13 | 28.7475 | R | 1 | 28.7 | |
| Total Usage | | | | | | | | | 8170 |

TAXES AND FEES

| | |
|---|----------------|
| Rate Increase For School Tax (3.00% x \$787.10) | 23.61 |
| Franchise Fee-Augusta (0.84% x \$787.10) | 6.61 |
| Total Taxes and Fees | \$30.22 |

BILLING INFORMATION

Rate GS Environmental Surcharge: The fuel cost of \$236.28 included in the Energy Charge and the Fuel Adjustment were deducted from the Electric Charges before multiplying the Billing Factor of 8.30%.

Late Charge to be Assessed After Due Date \$24.52

Meter Read Codes R - Actual Read; V - Verified Read; E - Estimated Read; S - Self Read

IMPORTANT INFORMATION

For a copy of your rate schedule, visit www.lge-ku.com or call our Customer Service Department.

New enrollment only - **Please check box(es) below and on front of stub.**

- Auto Pay** (voided check must be provided). *Please note that any past due balance on your KU account will be debited from your bank account immediately upon enrollment in the Auto Pay program. To avoid unintended debits to your bank account, please make sure your KU account balance is current before enrolling in Auto Pay.*

Please deduct my Auto Pay Payment from my Checking Account.

I hereby authorize KU to debit my bank account for payment of my monthly bill. This authorization applies to all my current and future KU accounts, and will remain in effect until revoked by me or KU.

Signature: _____

Date: _____

Processing Auto Pay requests can take up to two billing cycles. Please continue making regular payments until you receive a bill that indicates the amount due will be deducted from your bank account on the payment due date.