

Bullock Pen Water District

P.O. Box 188 • 1 Farrell Drive
Crittenden, Kentucky 41030
(859) 428-2112

PUBLIC SERVICE COMMISSION
P.O. BOX 615
FRANKFORT, KY. 40602

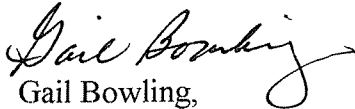
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COMMISSION

Dear Sir or Madam:

Enclosed is Surcharge information in regard to Bullock Pen Water District Rate Increase Case No. 2008-00170.

Hope this information is satisfactory. If we can be of any assistance, please feel free to contact us. Thanks.

Sincerely,



Gail Bowling,
Office Manager

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BULLOCK PEN WATER DISTRICT
CASE NO. 2008-00170

Surcharge income is not included in the income reported on our audited financial statements because it is considered a Contribution of Capital. We therefore did not include it in the test year income and expenses. We did however include it in our summary of proposed revenue. These statements are on the CD that was sent to you with your last request for information.

Attached please find the detail of the income from each surcharge for 2008. In summary the income is as follows:

Phase 5 Surcharges	\$10.00/Month	25,960.00
Phase 7 Surcharges	\$12.52/Month	7,524.52
Phase 8 Surcharge	\$11.46/Month	21,817.37
Phase 10 Surcharge	\$10.72/Month	<u>12,317.28</u>
Total 2008 Income from surcharges		<u><u>67,619.17</u></u>

This total agrees to the amount of \$67,619 listed on page 13 of the 2008 audited financial statements as surcharges from phases 5, 7, 8, and 10.

BULLOCK PEN WATER DISTRICT

Transaction Detail By Account

January through December 2008

16.00/mo

Type	Date	Num	Memo	Debit	Credit	Balance
432 - PROCEEDS FROM CAPITAL CONTRIB						
432.05 - SURCHARGES--PHASE 5						
General Jo...	1/31/2008	BILLING REG	MONTHLY SALES		2,170.00	2,170.00
General Jo...	2/29/2008	BILLING REG	MONTHLY SALES		2,160.00	4,330.00
General Jo...	3/31/2008	BILLING REG	MONTHLY SALES		2,160.00	6,490.00
General Jo...	4/30/2008	BILLING REG	MONTHLY SALES		2,180.00	8,670.00
General Jo...	4/30/2008	A/REC ADJ	BILLING ERRORS - PH 5	20.00		8,650.00
General Jo...	5/31/2008	BILLING REG	MONTHLY SALES		2,190.00	10,840.00
General Jo...	5/31/2008	A/REC ADJ	SURCHARGE PORTION INCORRECT BI...		20.00	10,860.00
General Jo...	6/30/2008	BILLING REG	MONTHLY SALES		2,200.00	13,060.00
General Jo...	7/31/2008	241	MONTHLY SALES		2,230.00	15,290.00
General Jo...	8/29/2008	BILLING REG	MONTHLY SALES		2,210.00	17,500.00
General Jo...	8/31/2008	A/REC ADJ	SURCHG BILLED INCORRECTLY	80.00		17,420.00
General Jo...	9/30/2008	BILLING REG	MONTHLY SALES		2,220.00	19,640.00
General Jo...	10/31/2008	5/20 BILLING	MONTHLY SALES		2,250.00	21,890.00
General Jo...	11/19/2008	BAD DEBT WO	WRITE OFF BAD DEBTS - D ACCTS	140.00		21,750.00
General Jo...	11/30/2008	11/30 BILLS	MONTHLY SALES		2,230.00	23,980.00
General Jo...	11/30/2008	A/REC ADJ	SURCHARGE INCORRECTLY BILLED	10.00		23,970.00
General Jo...	12/5/2008	BAD DEBT WO	WRITE OFF BAD DEBTS - G ACCTS	240.00		23,730.00
General Jo...	12/31/2008	BILLING REG	MONTHLY SALES		2,230.00	25,960.00
Total 432.05 SURCHARGES--PHASE 5				490.00	26,450.00	25,960.00
Total 432 PROCEEDS FROM CAPITAL CONTRIB				490.00	26,450.00	25,960.00
TOTAL				490.00	26,450.00	25,960.00

BULLOCK PEN WATER DISTRICT
Transaction Detail By Account
 January through December 2008

12.52/mo

Type	Date	Num	Memo	Debit	Credit	Balance
432 - PROCEEDS FROM CAPITAL CONTRIB						
432.07 - SURCHARGES--PHASE 7						
General J...	1/31/2008	BILLING REG	MONTHLY SALES		626.00	626.00
General J...	2/29/2008	BILLING REG	MONTHLY SALES		638.52	1,264.52
General J...	3/31/2008	BILLING REG	MONTHLY SALES		638.52	1,903.04
General J...	4/30/2008	BILLING REG	MONTHLY SALES		638.52	2,541.56
General J...	5/31/2008	BILLING REG	MONTHLY SALES		638.52	3,180.08
General J...	6/30/2008	BILLING REG	MONTHLY SALES		626.00	3,806.08
General J...	6/30/2008	ADJ SURCHG	ADJ AVR SURCHARGE ACCT	12.52		3,793.56
General J...	7/31/2008	241	MONTHLY SALES		626.00	4,419.56
General J...	8/29/2008	BILLING REG	MONTHLY SALES		626.00	5,045.56
General J...	8/31/2008	A/REC ADJ	SURCHG BILLED INCORRECTLY	12.52		5,033.04
General J...	9/30/2008	BILLING REG	MONTHLY SALES		613.48	5,646.52
General J...	10/31/2008	5/20 BILLING	MONTHLY SALES		626.00	6,272.52
General J...	11/30/2008	11/30 BILLS	MONTHLY SALES		626.00	6,898.52
General J...	12/31/2008	BILLING REG	MONTHLY SALES		626.00	7,524.52
Total 432.07 SURCHARGES--PHASE 7				25.04	7,549.56	7,524.52
Total 432 PROCEEDS FROM CAPITAL CONTRIB				25.04	7,549.56	7,524.52
TOTAL				25.04	7,549.56	7,524.52

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Accrual Basis

BULLOCK PEN WATER DISTRICT
Transaction Detail By Account
January through December 2008

11.46/mo

Type	Date	Num	Name	Memo	Debit	Credit	Balance
432 - PROCEEDS FROM CAPITAL CONTRIB							
432.08 - SURCHARGES - PHASE 8							
General J...	1/31/2008	BILLING REG		MONTHLY SALES - PHASE 8		1,994.04	1,994.04
General J...	2/29/2008	BILLING REG		MONTHLY SALES - PHASE 8		1,994.04	3,988.08
General J...	3/31/2008	BILLING REG		MONTHLY SALES - PHASE 8		1,982.58	5,970.66
General J...	3/31/2008	A/REC ADJ		MARCH BILLING ERRORS	22.92		5,947.74
General J...	4/30/2008	BILLING REG		MONTHLY SALES - PHASE 8		1,936.74	7,884.48
General J...	5/31/2008	BILLING REG		MONTHLY SALES - PHASE 8		1,959.66	9,844.14
General J...	5/31/2008	A/REC ADJ		SURCHARGE PORTION INCORRECT BILL/CLOSE A...	80.22		9,763.92
General J...	6/30/2008	BILLING REG		MONTHLY SALES - PHASE 8		1,948.20	11,712.12
General J...	6/30/2008	BANKRUPTCY	DANIEL MORRIS	DANIEL MORRIS BANKRUPTCY	148.98		11,563.14
General J...	7/31/2008	A/REC ADJ		ADJ A/R SURCHARGE ACCT	54.38		11,508.76
General J...	7/31/2008	241		MONTHLY SALES - PHASE 8		1,776.30	13,285.06
General J...	8/29/2008	BILLING REG		MONTHLY SALES - PHASE 8		1,764.84	15,049.90
General J...	9/30/2008	BILLING REG		MONTHLY SALES - PHASE 8		1,753.38	16,803.28
General J...	10/31/2008	5/20 BILLING		MONTHLY SALES - PHASE 8		1,741.92	18,545.20
General J...	11/19/2008	BAD DEBT WO		WRITE OFF BAD DEBTS - D ACCTS	126.06		18,419.14
General J...	11/30/2008	11/30 BILLS		MONTHLY SALES - PHASE 8		1,741.92	20,161.06
General J...	12/5/2008	BAD DEBT WO		WRITE OFF BAD DEBTS - G ACCTS	85.61		20,075.45
General J...	12/31/2008	BILLING REG		MONTHLY SALES - PHASE 8		1,741.92	21,817.37
Total 432.08 SURCHARGES - PHASE 8					518.17	22,335.54	21,817.37
Total 432 - PROCEEDS FROM CAPITAL CONTRIB					518.17	22,335.54	21,817.37
TOTAL					518.17	22,335.54	21,817.37

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08/19/09

Accrual Basis

BULLOCK PEN WATER DISTRICT

Transaction Detail By Account

January through December 2008

10.72/mo

Type	Date	Num	Memo	Debit	Credit	Balance
432 - PROCEEDS FROM CAPITAL CONTRIB						
432.10 - SURCHARGES--PHASE 10						
General Journal	1/31/2008	BILLING REG	MONTHLY SALES		1,093.44	1,093.44
General Journal	2/29/2008	BILLING REG	MONTHLY SALES		1,093.44	2,186.88
General Journal	3/31/2008	BILLING REG	MONTHLY SALES		1,104.16	3,291.04
General Journal	4/30/2008	BILLING REG	MONTHLY SALES		1,104.16	4,395.20
General Journal	4/30/2008	A/REC ADJ	BILLING ERRORS - PH 10	10.72		4,384.48
General Journal	5/31/2008	BILLING REG	MONTHLY SALES		1,093.44	5,477.92
General Journal	5/31/2008	A/REC ADJ	SURCHARGE PROTION INCORRECT BILL/CLOSE AC...	10.72		5,467.20
General Journal	6/30/2008	BILLING REG	MONTHLY SALES		996.96	6,464.16
General Journal	7/31/2008	241	MONTHLY SALES		986.24	7,450.40
General Journal	8/29/2008	BILLING REG	MONTHLY SALES		986.24	8,436.64
General Journal	9/30/2008	BILLING REG	MONTHLY SALES		986.24	9,422.88
General Journal	9/30/2008	A/REC ADJ	SURCHG INCORRECTLY BILLED	21.44		9,401.44
General Journal	10/31/2008	5/20 BILLING	MONTHLY SALES		996.96	10,398.40
General Journal	11/19/2008	BAD DEBT ...	WRITE OFF BAD DEBTS - D ACCTS	32.16		10,366.24
General Journal	11/30/2008	11/30 BILLS	MONTHLY SALES		1,018.40	11,384.64
General Journal	12/5/2008	BAD DEBT ...	WRITE OFF BAD DEBTS - G ACCTS	96.48		11,288.16
General Journal	12/31/2008	BILLING REG	MONTHLY SALES		1,029.12	12,317.28
Total 432.10 - SURCHARGES--PHASE 10				171.52	12,488.80	12,317.28
Total 432 - PROCEEDS FROM CAPITAL CONTRIB				171.52	12,488.80	12,317.28
TOTAL				171.52	12,488.80	12,317.28

<p>BULLOCK PEN WATER DISTRICT NOTES TO THE FINANCIAL STATEMENTS December 31, 2008 and 2007</p>

Inventories

Inventories are stated at the lower of cost or market. Cost is determined under the First-In, First-Out (FIFO) method. Market is determined on the basis of estimated realizable market values.

Distribution System, Building, and Equipment

Property, plant, transmission lines and equipment are recorded at cost and depreciated over their estimated useful lives using the straight line method. Upon sale or retirement, the cost and related accumulated depreciation are removed from the respective accounts and the resulting gain or loss is included in the "Non-Operating Income (Expense)" portion of results of operations.

Construction in Progress

Capitalizable costs incurred on projects which are not in use or ready for use at year end are held as "Construction in Progress". When the asset under construction is ready for use, related costs are transferred to the asset account. The Construction in Progress account was \$201,958 and \$860,012 at December 31, 2008 and 2007, respectively.

Miscellaneous Deferred Charges

The costs of issuance of the District's Revenue Bonds are deferred and recorded as unamortized issue costs and are being amortized over the life of the bond issues.

Capital Contributions

In conformity with the provisions of Governmental Accounting Standards Board Statement No. 33 – *Accounting and Financial Reporting for Non-Exchange Transactions*, amounts related to customer contributions in aid of construction have been reported as other income in the District's income statement. These contributions represent customer tap-in fees and other contributions to recover the costs of extensions of the distribution system. The District also includes estimated cost figures for those lines contributed by outside contractors. During 2008 and 2007 these contributions consisted of the following:

<u>Source</u>	<u>2008</u>	<u>2007</u>
Tap in fees and construction costs paid by new customers	\$ 156,275	\$ 199,339
Federal funding passed through Grant County Fiscal Court	37,957	154,943
Construction funding from the State of Kentucky	-	65,961
Construction funding from other sources	234,569	603,588
Surcharges - Phases 5, 7, 8, and 10	67,619	76,669
Total income received in aid of construction	496,420	1,100,500
Waterlines and related infrastructure received without cost	-	95,161
Total capital contributions	\$ 496,420	\$ 1,195,661

Income Tax Status

The District is exempt from federal and state income taxes since it is a governmental entity. Accordingly, the financial statements include no provision for income taxes.

Use of Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets,

BULLOCK PEN WATER DISTRICT
P.O. BOX 188
CRITTENDEN, KY. 41030

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Surcharges:

	# Customers 12/31/08	# Customers 7/31/09
Phase 5 Surcharges	253	259
Phase 7 Surcharges	56	53
Phase 8 Surcharges	196	202
Phase 10 Surcharges	115	112