

**RECEIVED**

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

**MAR 05 2009  
PUBLIC SERVICE  
COMMISSION**

In the Matter of:

Application of Kentucky Water )  
Service Corporation of Kentucky ) Case No. 2008-00563  
For an Adjustment of Rates )

**APPLICATION FOR WATER RATE ADJUSTMENT**

Water Service Corporation of Kentucky, by counsel, submits its application for an increase in rates pursuant to KRS 278.190 to be effective April 15, 2009 or sooner if allowed by the Commission.

1. Water Service Corporation of Kentucky is a Kentucky corporation, whose stock is wholly owned by Utilities, Inc. The mailing address of Water Service is 2335 Sanders Road, Northbrook, Illinois, 60062.
2. A certified copy of the articles of incorporation was filed in Case No. 2002-00142. A copy of its current Certificate of Authorization is attached as exhibit 1.
3. Water Service currently owns and operates water production, transmission, and distribution facilities in both Middlesboro and Clinton. It serves approximately 7991 customers. It also has a contract with the city of Clinton to operate the city's wastewater system. The wastewater system and operations are not part of this rate application.
4. Notice of intent to file a rate application was given to the Commission on December 30, 2008.

5. The rates proposed are to recover operating expenses, debt service costs and other operating expenses, depreciation, taxes and other expenses related to the operation of both water systems. The reasons for the proposed increase are more fully explained in the testimony included with exhibit 5.

6. The company's Annual Reports have been filed with the Commission.

7. The company is not a limited partnership.

8. There is no assumed name.

9. Current and proposed tariffs are attached as exhibit 2.

10. Notice is being given as required by 807 KAR 5:001 (1). A copy is attached as exhibit 3.

11. A pro forma schedule of changes is attached as exhibit 4. A separate petition for confidentiality has been filed for certain schedules included in this exhibit related to allocations of salaries and benefits.

12. Prepared testimony is attached as exhibit 5. Lena Georgiev, Pauline Ahern, CRRRA, John Williams and Martin Lashua are the witnesses supporting the rate adjustment, rate design, cost of capital, tariff changes and overview of Kentucky operations.

13. Estimated impact proposed rates will have on revenues is attached as exhibit 6.

14. The effect of the proposed rates on the average customer's bill is attached as exhibit 7.

15. A billing analysis is attached as exhibit 8.

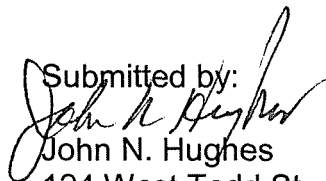
16. A summary of the calculation of the revenue requirements is attached as exhibit 9.

17. A reconciliation of rate base and capital is attached as exhibit 10.

18. A current chart of accounts is attached as exhibit 11.

19. The independent auditor's report is attached as exhibit 12. A separate petition for confidentiality has been filed for this document.
20. There are no FERC or FCC audit reports.
21. The company has not performed a depreciation study. An explanation of the proposed depreciation rates is attached as exhibit 13.
22. A list of in house software is included in exhibit 14.
23. Water Service has no stock prospectus.
24. Water Service has no report to shareholders.
25. Monthly reports are attached as exhibit 15.
26. Allocations to affiliates are explained in exhibit 16. A separate petition for confidentiality has been filed for the Distribution of Expenses Report.
27. A cost of service study is not required due to the amount of the company's operating revenues.
28. An income statement and balance sheet are attached as exhibit 17.
29. The most recent capital budget is attached as exhibit 18.
  - a. Pro forma adjustments related to plant additions are attached as exhibit 19.
30. An operating budget is not prepared by the company.
31. The number of new customers to be added to the test period is reflected in exhibit 4.
32. The percentage change and dollar change in rates for each customer class is in exhibits 4 and 7.
33. Present and proposed rates are reflected in the tariffs filed in exhibits 2 and 3.
34. The effect on the average customer's bill is in exhibit 7.
35. A copy of the public notice is contained in exhibit 3.

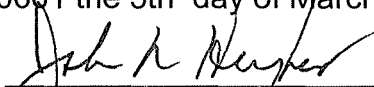
Based on the information filed, the company requests that the Commission approve the proposed rate change. It also requests a deviation pursuant to 807 KAR 5:001(14) from any requirement that might delay the review of the application if such requirement can be considered as substantially met or as unnecessary for a complete review of the proposed rates.

Submitted by:  
  
John N. Hughes  
124 West Todd St.  
Frankfort, KY 40601

Attorney for Water Service  
Corporation of Kentucky

Certificate of Service:

A copy of this application was delivered to David Spenard of the Attorney General's Office, 1024 Capital Center Dr, Frankfort, KY 40601 the 5th day of March, 2009.

  
\_\_\_\_\_  
John N. Hughes



KRS 278.180	30 days' notice of rates to Commission (no effective date means no notice given and this is acceptable)	Effective date in application
807 KAR 5:001:		
Section 8(1)	Full name and post office address of applicant and a reference to the particular provision of law requiring Commission approval.	Application
Section 8(2)	The original and 10 copies of the application with an additional copy for any party named therein as an interested party.	Provided
Section 10(1)(b)(1)	A statement of the reason the adjustment is required.	Application & Exhibit 5
Section 10(1)(b)(2)	A statement that the utility's annual reports, including the annual report for the most recent calendar year, are on file with the commission in accordance with 807 KAR 5:006, Section 3(1)	Statement included in Application
Section 10(1)(b)(3) and (5)	If the utility is incorporated, a certified copy of the utility's articles of incorporation and all amendments thereto or out of state documents of similar import. If the utility's articles of incorporation and amendments have already been filed with the Commission in a prior proceeding, the application may state this fact making reference to the style and case number of the prior proceeding <u>and</u> a certificate of good standing or certificate of authorization dated within sixty (60) days of the date the application is filed.	Exhibit 1
Section 10(1)(b)(4) and (5)	If applicant is a limited partnership, a certified copy of the limited partnership agreement <u>or</u> if the agreement was filed with the PSC in a prior proceeding, a reference to the style and case number of the prior proceeding <u>and</u> a certificate of good standing or certificate of authorization dated within sixty (60) days of the date the application is filed.	Not a partnership
Section 10(1)(b)(6)	A certified copy of a certificate of assumed name as required by KRS 365.015 or a statement that such a certificate is not necessary.	No assumed name
Section 10(1)(b)(7)	The proposed tariff in form complying with 807 KAR 5:011 with an effective date not less than thirty (30) days from the date the application is filed.	Exhibit 2
Section 10(1)(b)(8)	Proposed tariff changes shown either by providing present and proposed tariffs in comparative form or indicating additions by italicized inserts or underscoring and striking over deletions in a copy of the current tariff.	Exhibit 2
Section 10(1)(b)(9)	Statement that notice given, see subsections (3) and (4) of 807 KAR 5:001, Section 10 with copy.	Application & Exhibit 3
Section 10(2)	If gross annual revenues exceed \$1,000,000 written notice of intent filed at least four (4) weeks prior to application. Notice shall state whether the application will be supported by historical or a fully forecasted test period.	Filed 12/30/08

Section 10(6)(a)	Complete description and quantified explanation for proposed adjustments with support for changes in price or activity levels, and other factors affecting the adjustment.	Exhibit 4
Section 10(6)(b) & (c)	If gross annual revenues exceed \$1,000,000, prepared testimony of each witness who will support the application. If less than \$1,000,000, prepared testimony of each witness who will support application or statement that utility does not plan to submit prepared testimony.	Exhibit 5
Section 10(6)(d)	Estimate of effect that new rate(s) will have on revenues including, at minimum, total revenues resulting from increase or decrease and percentage of increase or decrease.	Exhibit 6
Section 10(6)(e)	If electric, gas, water or sewer utility effect upon the average bill for each customer classification to which change will apply.	Exhibits 7
Section 10(6)(f)	If local exchange company, effect upon the average bill for each customer class for change in basic local service.	Not a local Exchange Co
Section 10(6) (g)	Analysis of customers' bills in such detail that revenues from present and proposed rates can be readily determined for each customer class.	Exhibit 8
Section 10(6)(h)	Summary of determination of revenue requirements based on return on net investment rate base, return on capitalization, interest coverage, debt service coverage, or operating ratio, with supporting schedules.	Exhibit 9
Section 10(6)(i)	Reconciliation of rate base and capital used to determine revenue requirements.	Exhibit 10
Section 10(6)(j)	Current chart of accounts if more detailed than the Uniform System of Accounts.	Exhibit 11
Section 10(6)(k)	Independent auditor's annual opinion report, with any written communication from auditor which indicates existence of material weakness in internal controls.	Exhibit 12
Section 10(6)(l) Section 10(6)(m)	The most recent FERC or FCC audit reports. The most recent FERC Form 1 (electric), FERC Form 2 (gas), or Automated Reporting Management Information System Report (telephone) and PSC Form T (telephone).	Not regulated by FERC
Section 10(6)(n)	Summary of latest depreciation study with schedules by major plant accounts, except that telecommunications utilities adopting PSC's average depreciation rates shall provide schedule identifying current and test period depreciation rates used by major plant accounts. If filed in another PSC case refer to that case's number and style.	Deviation requested See Exhibit 13
Section 10(6)(o)	List of all commercial or in-house computer software, programs, and models used to develop schedules and work papers associated with the filing. Include each software, program, or model; what each was used for; its supplier; brief description and specifications for the computer hardware and the operating system required to run the program.	Exhibit 14
Section 10(6)(p)	Prospectuses of most recent stock or bond offerings.	None

Section 10(6)(q)	Annual report to shareholders, or members, and statistical supplements covering 2 years prior to application filing date.	None
Section 10(6)(r)	Monthly managerial reports providing financial results for 12 months in test period.	Exhibit 15
Section 10(6)(s)	SEC's annual report for most recent 2 years, Form 10-Ks and any Form 8-Ks issued within past 2 years, and Form 10-Qs issued during the past 6 quarters updated as current information becomes available.	Not applicable to non-Stock company
Section 10(6)(t)	<p>If utility had any amounts charged or allocated to it by affiliate or general or home office, or paid any monies to affiliate or general or home office during test period or during previous 3 calendar years, file:</p> <ol style="list-style-type: none"> <li>1. Detailed description of method of calculation and amounts allocated or charged to utility by affiliate or general or home office for each charge allocation or payment;</li> <li>2. Explanation of how allocator for the test period was determined; and</li> <li>3. All facts relied upon, including other regulatory approval, to demonstrate that each amount charged, allocated or paid during test period was reasonable;</li> </ol>	Exhibit 16
Section 10(6)(u)	If gas, electric or water utility, whose annual gross revenues exceed \$5,000,000, cost of service study based on methodology generally accepted in industry and based on current and reliable data from a single time period.	Not Applicable
Section 10(6)(v)	<p>Local exchange carriers with fewer than 50,000 access lines need not file cost of service studies, except as specifically directed by PSC. Local exchange carriers with more than 50,000 access lines shall file</p> <ol style="list-style-type: none"> <li>1. Jurisdictional separations study consistent with Part 36 of the FCC's rules and regulations; and</li> <li>2. Service specific cost studies supporting pricing of all services that generate annual revenue greater than \$1,000,000 except local exchange access: <ol style="list-style-type: none"> <li>a. Based on current and reliable data from a single time period; and</li> <li>b. Using generally recognized fully allocated, embedded, or incremental cost principles.</li> </ol> </li> </ol>	Not A LEC
Section 10(7)(a)	Detailed income statement and balance sheet reflecting impact of all proposed adjustments.	Exhibits 17
Section 10(7)(b)	Most recent capital construction budget containing at least period of time as proposed for any pro forma adjustment for plant additions	Exhibit 18
Section 10(7)(c)	For each proposed pro forma adjustment reflecting plant	Exhibit 19

additions the following information:

	1. Starting date of the construction of each major component of plant;	
	2. Proposed in-service date;	Exhibit 19
	3. Total estimated cost of construction at completion;	Exhibit 19
	4. Amount contained in construction work in progress at end of test period;	Exhibit 4
	5. Complete description of actual plant retirements and anticipated plant retirements related to the pro forma plant additions including the actual or anticipated date of retirement;	Exhibit 4
	6. Original cost, cost of removal and salvage for each component of plant to be retired during the period of the proposed pro forma adjustment for plant additions;	Exhibit 4
	7. Explanation of any differences in amounts contained in the capital construction budget and amounts of capital construction cost contained in the pro forma adjustment period; and	Exhibit 4
	8. Impact on depreciation expense of all proposed pro forma adjustments for plant additions and retirements;	Exhibit 13
Section 10(7)(d)	Operating budget for each month of the period encompassing the pro forma adjustments;	Exhibit 18
Section 10(7)(e)	Number of customers to be added to the test period – end level of customers and the related revenue requirements impact for all pro forma adjustments with complete details and supporting work papers.	Exhibit 4
Section 10(3)(a)	Amount of change requested in dollar amounts and percentage for each customer classification to which change will apply.	Exhibit 2,3
Section 10(3)(b)	Present and proposed rates for each customer class to which change would apply.	Exhibit 2, 3, 4
Section 10(3)(c)	Electric, gas, water and sewer utilities - effect upon average bill for each customer class to which change will apply.	Exhibit 2,3
Section 10(3)(d)	Local exchange companies include effect upon average bill for each customer class for change in basic local service.	Not A LEC
Section 10(4)	If copy of public notice included, did it meet requirements?*	Exhibit 3

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

Application of Water Service Corporation )  
of Kentucky for an Adjustment of Rates ) Case No. 2008-00563  
)

**PETITION FOR CONFIDENTIALITY**

Water Service Corporation of Kentucky (WSCK) petitions the Commission (“Commission”), pursuant to 807 KAR 5:001, Section 7 and all other applicable law, for confidential treatment of schedules provided with the Application, namely the Independent Auditor’s Report, Exhibit 12, the Distribution of Expenses Report, Exhibit 16 and certain schedules in Exhibit 4. In support of its Petition, WSCK states as follows:

In accordance with its rules and Kentucky law, the Commission requires certain information to be filed in support of an application for rate adjustment. Based on the reasons set forth below, the information in question is entitled to confidential treatment under 807 KAR 5:001, Section 7, and all other applicable law.

807 KAR 5:001§ 10(6)(k) requires the filing of the independent auditor’s report. That report contains detailed financial information about WSCK and its parent Utilities, Inc., which if publicly disclosed could have adverse consequences to their competitive standing. Utilities, Inc. is a privately held company operating in several states. The disclosure of detailed audit information will provide its competitors with information that those competitors do not disclose to Utilities, Inc.

807 KAR 5:001 generally requires supporting schedules for pro forma adjustments to the test year. Three of those schedules, included in exhibit 4 of the application, contain employee sensitive information about wages and salaries. Because of the area where WSCK operates,

disclosure of this information will create public awareness of personal information of the employees and will disclose wage rates that may impact the company's ability to attract and retain employees.

807 KAR 5:001 also requires information about the allocation of expenses among affiliates. Four documents in exhibit 16, which provide the allocations for rate base and expenses, contain information about the business practices and financial condition of Utilities, Inc, non-Kentucky affiliates and its allocation methods, which if disclosed would provide valuable financial and internal accounting policy information to its competitors.

WSCK and Utilities, Inc. do not as a matter of company policy publicly disclose the information described above, except as required by law or pursuant to a court order or subpoena. The company's internal policies are directed toward non-disclosure of the information in question. In fact, the information will not be disclosed to any personnel, except those who need to know in order to discharge their responsibilities. The information sought by the Commission is not information customarily disclosed to the public and is generally recognized as confidential and proprietary.

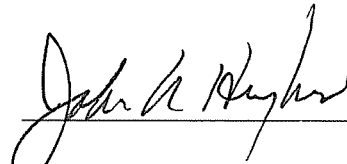
There is no significant interest in public disclosure of the attached information. Any public interest in favor of disclosure of the information is outweighed by the competitive interest in keeping the information confidential, enabling WSCK to successfully compete for business in Kentucky and other states. Disclosure of the information in question would put WSCK at a competitive disadvantage. Moreover, the public interest would be best served by the nondisclosure of the materials in question because competition would thereby be promoted.

The information that WSCK seeks to be afforded confidential treatment also constitutes a trade secret under the two prong test of KRS 365.880: a) the economic value of the information is derived by not being readily ascertainable by other persons who might obtain economic value

by its disclosure; and, b) the information is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. Both of the statutory tests are met in this instance. Only WSCK and Utilities, Inc. are in a position to know its business operations and financial condition. The economic value of this information is derived by WSCK and its parent maintaining the secrecy of the information, since its competitors could obtain economic value through its disclosure.

Pursuant to 807 KAR 5:001, Section 7(3), temporary confidentiality for the enclosed information should be maintained until the Commission enters an Order as to this Petition. Once the Order regarding confidentiality has been issued, WSCK would have the opportunity to seek alternative remedies pursuant to 807 KAR 5:001, Section 7(4).

WHEREFORE, WSCK petitions the Commission to treat as confidential all of the information identified in this Petition.

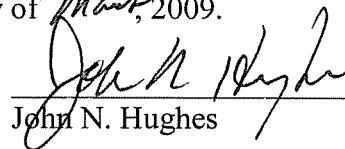


John N. Hughes  
124 West Todd Street  
Frankfort, Kentucky 40601  
(502) 227-7270 (T)  
(502) 875-7059 (F)

Attorney for Water Service  
Corporation of Kentucky

Certificate of Service:

A copy of this petition was delivered to David Spenard of the Attorney General's Office, 1024 Capital Center Dr, Frankfort, KY 40601 the 5<sup>th</sup> day of *March*, 2009.



John N. Hughes





Case No. 2008-00563  
Exhibit 1

Commonwealth of Kentucky  
Trey Grayson, Secretary of State

2/23/2009

Division of Corporations  
Business Filings

P. O. Box 718  
Frankfort, KY 40602  
(502) 564-2848  
<http://www.sos.ky.gov>

**Certificate of Existence**

Authentication Number: 76835

Visit <http://apps.sos.ky.gov/business/obdb/certvalidate.aspx> to authenticate this certificate.

I, Trey Grayson, Secretary of State of the Commonwealth of Kentucky, do hereby certify that according to the records in the Office of the Secretary of State,

**WATER SERVICE CORPORATION OF KENTUCKY**

is a corporation duly incorporated and existing under KRS Chapter 271B, whose date of incorporation is April 12, 2002 and whose period of duration is perpetual.

I further certify that all fees and penalties owed to the Secretary of State have been paid; that articles of dissolution have not been filed; and that the most recent annual report required by KRS 271B.16-220 has been delivered to the Secretary of State.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 23rd day of February, 2009.



*Trey*

Trey Grayson  
Secretary of State  
Commonwealth of Kentucky  
76835/0534921



**CASE NO. 2008-00563**

**EXHIBIT 2**

## CURRENT TARIFFS

Steve L. Beshear  
Governor

Leonard K. Peters  
Secretary  
Energy and Environment Cabinet



David L. Armstrong  
Chairman

James Gardner  
Vice-Chairman

John W. Clay  
Commissioner

Commonwealth of Kentucky  
**Public Service Commission**

211 Sower Blvd.  
P.O. Box 615  
Frankfort Kentucky 40602-0615  
Telephone: (502) 564-3940  
Fax: (502) 564-3460  
psc.ky.gov

January 29, 2009

John N. Hughes  
124 West Todd Street  
Frankfort, KY 40601

RE: Filing No. **TFS2008-00396**  
Rates and Tariff revisions per Order in Case No. 2005-00325.

Dear John N. Hughes:

The above referenced filing has been received and reviewed. An accepted copy is enclosed for your files. You may also use the following link to access documents related to this filing.

<http://psc.ky.gov/trf/TRFListFilings.aspx?ID=TFS2008-00396>

Sincerely,

  
Dennis Brent Kirtley  
Tariff Review Branch Manager

For Middlesboro, Clinton, and Adjacent Territory

P.S.C. K.Y. No. 2

Cancels P.S.C. K.Y. No. 1

**Water Service Corporation of Kentucky**

**Rates, Rules, and Regulations for Furnishing**

**Water  
At**

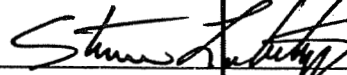
**Middlesboro (Bell County) Kentucky  
Clinton (Hickman County) Kentucky**

**Filed with the Public Service Commission of Kentucky**

Issued February 28, 2007

Effective February 28, 2007

Issued by: Water Service Corporation of Kentucky

By:   
Steven M. Luberto, Chief Regulatory Officer

**PUBLIC SERVICE COMMISSION  
OF KENTUCKY**

EFFECTIVE  
6/10/2008

REGULATORY OFFICE  
SECTION 9 (1)

By:   
Executive Director

FOR Middlesboro and Clinton and Adjacent Territory  
Community, Town or City

P.S.C. KY. NO. 2

SHEET NO. 1

Water Service Corporation of Kentucky  
(Name of Utility)

CANCELLING P.S.C. KY. NO. 1 (in its entirety)

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6.	Street Service Connections
7.	Customers' Service Pipes
8.	Plumbing Must be Approved by Company
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10.	Meter Tests and Test Fees

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DATE OF ISSUE February, 28, 2007  
Month / Date / Year

DATE EFFECTIVE February, 28, 2007  
Month / Date / Year

ISSUED BY Steven M. Lubertozi

TITLE Chief Regulatory Officer


BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2005-00325 DATED February 28, 2007

  
(Signature of Officer)

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

6/10/2008  
PURSUANT TO 807 KAR 5:011  
SECTION 9 (1)

By   
Executive Director



FOR Middlesboro and Clinton and Adjacent Territory  
Community, Town or City

P.S.C. KY. NO. 2

SHEET NO. 2

Water Service Corporation of Kentucky  
(Name of Utility)

CANCELLING P.S.C. KY. NO. 1 (in its entirety)

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DATE OF ISSUE February, 28, 2007

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ISSUED BY Steven M. Lubertozi

(Signature of Officer)

TITLE Chief Regulatory Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2005-00325 DATED February 28, 2007

PUBLIC SERVICE COMMISSION  
OF KENTUCKY

EFFECTIVE

6/10/2008

PURSUANT TO 807 KAR 5:011

SECTION 9 (1)

By J. D. Brown

Executive Director

FOR Middlesboro and Clinton and Adjacent Territory  
Community, Town or City

P.S.C. KY. NO. 2

SHEET NO. 3

Water Service Corporation of Kentucky  
(Name of Utility)

CANCELLING P.S.C. KY. NO. 1 (in its entirety)

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DATE OF ISSUE February, 28, 2007  
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ISSUED BY Steven M. Lubertozzi  
(Signature of Officer)

TITLE Chief Regulatory Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2005-00325 DATED February 28, 2007

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
6/10/2008  
PURSUANT TO 807 KAR 5:011  
SECTION 9 (1)

By Jeff D. Brown  
Executive Director

FOR Middlesboro and Clinton and Adjacent Territory  
Community, Town or City

P.S.C. KY. NO. 2

SHEET NO. 4

Water Service Corporation of Kentucky  
(Name of Utility)

CANCELLING P.S.C. KY. NO. 1 (in its entirety)

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(Signature of Officer)

TITLE Chief Regulatory Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2005-00325 DATED February 28, 2007

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
6/10/2008  
PURSUANT TO 807 KAR 5:011  
SECTION 9 (1)

By J. H. DeBevoise  
Executive Director

FOR Middlesboro and Clinton and Adjacent Territory  
Community, Town or City

P.S.C. KY. NO. 2

SHEET NO. 5

Water Service Corporation of Kentucky  
(Name of Utility)

CANCELLING P.S.C. KY. NO. 1 (in its entirety)

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CONTENTS

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TERRITORY TO WHICH RULES, REGULATIONS AND SERVICE CLASSIFICATIONS APPLY:

The Rules, Regulations, and Service Classifications contained in this tariff apply in the following:

City of Middlesboro and contiguous territory in Bell County, Kentucky

City of Clinton and contiguous territory in Hickman County, Kentucky

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DATE OF ISSUE February, 28, 2007  
Month / Date / Year

DATE EFFECTIVE February, 28, 2007  
Month / Date / Year

ISSUED BY Steven M. Lubertozzi  
(Signature of Officer)

TITLE Chief Regulatory Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2005-00325 DATED February 28, 2007

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
6/10/2008  
PURSUANT TO 807 KAR 5:011  
SECTION 9 (1)

By [Signature]  
Executive Director

FOR Middlesboro and Clinton and Adjacent Territory  
Community, Town or City

P.S.C. KY. NO. 2

SHEET NO. 6

Water Service Corporation of Kentucky  
(Name of Utility)

CANCELLING P.S.C. KY. NO. 1 (in its entirety)

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CONTENTS

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DEFINITIONS

DEFINITIONS APPLICABLE TO RULES AND REGULATIONS:

- (a) "Customer" shall mean any person, firm, corporation or municipality supplied by water service pursuant to these Rules and Regulations.
- (b) "Bona fide prospective customer" shall mean any owner or lessee who is to be the occupant of an existing development premises having a curb line abutting on that part of a street or public highway in which there is, or is to be, located a distribution main of the Company, who shall file a signed application for a new street service connection and for water service to such premises to be occupied.
- (c) "Company" shall mean the Water Service Corporation of Kentucky acting through its officers, managers, or other duly authorized employees or agents.
- (d) "Street service connections" shall mean a pipe with appurtenances used to conduct water from a distribution main of the Company to the curb line of the premises.
- (e) "Premises" shall mean and include:
  - (1) a building under one roof and occupied as one business or residence and served through one street service connection; or

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DATE OF ISSUE February, 28, 2007  
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DATE EFFECTIVE February, 28, 2007  
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ISSUED BY Steven M. Lubertozi

TITLE Chief Regulatory Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2005-00325 DATED February 28, 2007

(Signature of Officer)

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
6/10/2008  
PURSUANT TO 807 KAR 5:011  
SECTION 9 (1)

By [Signature]  
Executive Director

FOR Middlesboro and Clinton and Adjacent Territory  
Community, Town or City

P.S.C. KY. NO. 2

SHEET NO. 7

Water Service Corporation of Kentucky  
(Name of Utility)

CANCELLING P.S.C. KY. NO. 1 (in its entirety)

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- (2) a combination of buildings in common ownership in one common enclosure or on a single tract of land not crossed by public streets, roads, or ways and occupied by one family or business and served through one street connection or through more than one such connection if in the exclusive discretion of the Company, multiple connections are advisable in providing service; or
- (3) one side of a double house having a solid vertical partition wall or each unit of a series of what are commonly known as row houses, each unit being occupied by one family or business and each served through one street service connection; or
- (4) a building having a number of apartments or offices and using halls and means of entrance in common, and served through one street service connection; or
- (5) a building previously erected as a single family residence served through one street service connection and subsequently converted into apartments or offices or a combination of such, with two or more separate halls and means of entrance not used in common, and where separate water supply plumbing would not be practicable; or
- (6) each residential or business single occupancy unit, served through one street service connection, in a building which is not a premises otherwise defined in these Rules.

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(Signature of Officer)

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
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SECTION 9 (1)

By [Signature]  
Executive Director

FOR Middlesboro and Clinton and Adjacent Territory  
Community, Town or City

P.S.C. KY. NO. 2

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- (7) Rates are based on single family residences or multi-family units and are not applicable to other single family residences or multi-family units. Where two or more residences or multi-family units are served through one street connection the Company may allow service to be taken through one meter if the segregation of plumbing on customer's premises would involve undue expense to the customer, but in this event the unit blocks and minimum bills of rate would be multiplied by such number of residences or units.

PROVIDED: They are located on lots having curb line abutting on that part of a street or public highway in which there is, or is to be, located a distribution main of the Company extending for at least one-half of the frontage of the lot on said street or highway.

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(Signature of Officer)

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BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2005-00325 DATED February 28, 2007

<p>PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE 6/10/2008 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)</p> <p>By <u>J. D. Brown</u> Executive Director</p>
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FOR Middlesboro and Clinton and Adjacent Territory  
Community, Town or City

P.S.C. KY. NO. 2

SHEET NO. 9

Water Service Corporation of Kentucky  
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CANCELLING P.S.C. KY. NO. 1 (in its entirety)

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1. RULES AND REGULATIONS GOVERNING RENDERING OF SERVICE:

- (a) The Rules and Regulations in their entirety as hereinafter set forth or as they may hereafter be altered or amended in a regular and legal manner shall govern the rendering of water service and every customer upon signing of an application for water service or upon the taking of water service will be bound thereby.
- (b) Except fire and special temporary services, all service will be rendered on a meter basis. Residential, commercial, industrial and municipal service is only regularly available for single premises as "premises" is defined in these Rules. When the interests of other customers would not be jeopardized or prejudiced, the Company's President or a Vice President may, by writing, authorize service at regular rates to governmental or political corporations, districts, or authorities not qualifying as "premises" under these Rules. In special cases, for good causes shown, the Public Service Commission may permit deviations from this regulation.

2. APPLICATIONS FOR WATER SERVICE

(a) New Street Service Connection

Upon written application by the owner, or his properly authorized agent, on forms furnished by the Company, for the immediate and continuous supply of water to premises having a curb line abutting on that part of a public street or highway in which a distribution main of the Company is located, the Company will install, own and maintain the street service connection to such premises. The company shall determine the size of all street service connections.

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(Signature of Officer)

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
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SECTION 9 (1)

By   
Executive Director



FOR Middlesboro and Clinton and Adjacent Territory  
Community, Town or City

P.S.C. KY. NO. 2

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(b) Existing Street Service Connection

When any person, firm or corporation, not theretofore taking water service from the Company, applies for water service, the application shall be in writing on forms supplied by the Company. When such application is accepted by the Company, it shall constitute a contract between the applicant and the Company for service at the premises named in the application and at any other premises at which named applicant may be securing service unless a separate application for service to such other premises shall have been accepted by the Company.

Any change in the location of the contracting customer to any other premises will require notification of the Company by the Customer. The obligation of the customer to the Company under the existing contract will continue in full force and effect at the new location, premises or address.

The Company shall have the right to discontinue the supply of water to any premises if the owner or occupant does not have a contract for such service with the company. Within twenty-four (24) hours after such termination, the Company shall send written notification to the Customer of the reason or reasons for the termination of service.

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TITLE	<u>Chief Regulatory Officer</u>
BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION	
IN CASE NO. <u>2005-00325</u>	DATED <u>February 28, 2007</u>

  
(Signature of Officer)

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
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SECTION 9 (1)

By   
Executive Director

FOR Middlesboro and Clinton and Adjacent Territory  
Community, Town or City

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3. USE OF WATER IN ACCORDANCE WITH APPLICATION:

No person or persons, corporation or partnership receiving water service from the Company will be permitted to use water for any other purposes than that for which they shall have contracted to pay as shown by their application, nor shall they supply water in any way to any other party or parties without a written permit from the President or a Vice President of the Company. An accepted application for water service to any premises shall constitute a license to the applicant to take and receive a supply of water for said premises but only for the uses specified in such applications and the supply shall not be used except for the premises specified in the application.

4. SPECIAL APPLICATIONS FOR WATER SERVICE:

- (a) Water for transient, temporary or special services must be specially applied for.
- (b) Water for building construction purposes, when not furnished on an application for regular metered service, will be supplied under special application.

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(Signature of Officer)

PUBLIC SERVICE COMMISSION  
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By   
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FOR Middlesboro and Clinton and Adjacent Territory  
Community, Town or City

P.S.C. KY. NO. 2

SHEET NO. 12

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5. CUSTOMER'S LIABILITY FOR CHARGES:

A customer who has made application for water service to any premises shall be held liable for all water service furnished to such premises. Any customer desiring service terminated or changed from one address to another shall give the Company three (3) working days' notice in person, writing, or by telephone.

6. STREET SERVICE CONNECTIONS:

- (a) The Company will make all connections to its mains and will specify the size, kind and quality of all materials entering into the street service connections.
- (b) The corporation cock, meter box and the street service pipe from the street main to the curb line or meter box shall be furnished and installed by and shall be the property of the Company and under its sole control and jurisdiction.
- (c) Where a street service connection is already laid to the curb line, or meter box, the Customer shall connect with the street service connection as laid.
- (d) The meter box shall be set in sidewalk or just inside customer's property on a level with the grade of sidewalk or yard and shall be kept accessible at all times.
- (e) The street service connection from the main to and including the meter box will be maintained by the Company at its expense.

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PUBLIC SERVICE COMMISSION OF KENTUCKY	
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By <u>J. D. [Signature]</u>	Executive Director

FOR Middlesboro and Clinton and Adjacent Territory  
Community, Town or City

P.S.C. KY. NO. 2

SHEET NO. 13

Water Service Corporation of Kentucky  
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7. CUSTOMER'S SERVICE PIPES:

- (a) The company will specify the size, kind and quality of the materials which shall be laid between the curb line and the structure on the premises to be supplied.
- (b) The service pipe from the meter box to the place of consumption shall be furnished and installed by the Customer at his expense and risk.
- (c) The Customer's service pipe and all connections and fixtures attached thereto shall be subject to the inspection and approval of the Company before the water will be turned on.
- (d) The service pipe shall be laid below the frost line at all points and shall be placed on firm continuous earth so as to give unyielding and permanent support, and shall be installed in a trench at least two feet in a horizontal direction from any other trench wherein are laid gas pipe, sewer pipe, or other facilities, public or private, unless specifically authorized and approved by the Company.
- (e) The customer shall install a stop and waste cock of a type approved by the Company on the service pipe immediately inside the foundation wall of the building supplied, and to be located so as to be easily accessible to the occupants and to provide proper drainage for all of the pipes in the building.
- (f) The Customer shall make all changes in his portion of the service pipe required on account of changes of grade, relocation of mains or other causes.
- (g) No fixtures shall be attached to or any branch made in the service pipe between the meter and the street main.

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By <u>J. H. Brown</u>	Executive Director

FOR Middlesboro and Clinton and Adjacent Territory  
Community, Town or City

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- (h) Each premises shall be supplied through an independent service pipe from a separate meter box and the applicant for service shall be solely responsible for all water used on and in said premises.
- (i) When more than one premises is supplied through a single service pipe, and violation of the Rules and Regulations of the Company with reference to either or any of the said buildings or premises shall be deemed a violation as to all and the water service shall be discontinued after the customer has been given at least ten (10) days written termination notice and reasonable opportunity allowed for each premises to attach their pipes to separately controlled service connections.
- (j) Any repairs or maintenance necessary on the Customer's service pipe or on any pipe or fixture in or upon the Customer's premises shall be performed by the Customer at his expense and risk.
- (k) In those instances where the Customer requires water pressure which differs from the standard pressure provided by the Company he shall be required to install and maintain at his own expense the necessary equipment to provide the desired pressure.  
Such equipment and the installation thereof to be approved by the Company. In no event,

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IN CASE NO. 2005-00325 DATED February 28, 2007

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EFFECTIVE	
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By <u>[Signature]</u>	Executive Director

FOR Middlesboro and Clinton and Adjacent Territory

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however, shall the pressure at the Customer's service pipe under normal conditions fall below thirty (30) psig nor shall the static pressure exceed 150 psig.

8. PLUMBING WORK MUST BE APPROVED BY COMPANY:

All plumbing work done in connection with the Company's water mains or appurtenances shall be submitted for the inspection of the Company, and no underground work shall be covered up until inspected and approved by the Company. Whenever the Company determines that a job of plumbing is obviously defective, although not in direct violation of these Rules and Regulations, the Company will insist upon its being corrected before the water will be turned on.

9. METERS AND METER INSTALLATIONS:

(a) The company shall specify the kind and size of meter to be installed.

(b) Meters will be furnished, installed, and removed by the Company and shall remain its property.

(c) Each premises shall have a separate meter and the applicant for service shall be solely responsible for all water used on and in said buildings or premises.

(d) Meters will be maintained by the Company at its expense insofar as ordinary wear is concerned, but damage due to hot weather, freezing (as a result of Customer's unauthorized removal of meter cover) or other external causes arising out of or caused by the Customer's negligence or carelessness shall be paid for by the Customer.

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(Signature of Officer)

TITLE Chief Regulatory Officer

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IN CASE NO. 2005-00325 DATED February 28, 2007


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Executive Director

FOR Middlesboro and Clinton and Adjacent Territory

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10. METER TESTS AND TEST FEES:

(a) All meters are accurately tested before installation and are also periodically tested in accordance with the Public Service Commission's regulations. The Company may at any time remove any meter for periodic tests or for repairs or replacement and may, at its option and expense, test any meter when the Company has reason to believe that it is registering inaccurately.

(b) The Company shall make a test of the accuracy of any meter upon written request of the Customer, provided the Customer does not request such test more frequently than once in twelve months. For such request test, the fee as estimated herein shall be paid in advance by the complaint but should the said meter be found, upon said test, to be more than two (2) percent incorrect to the prejudice of the Customer, the fee so charged shall be returned to the complaint.

(c) For test of meters made upon request of the Customer and performed by the Company, the following fees shall be paid:

- Outlet 1-inch or less \$15.00
Outlet 2-inches and over 1 -inch Cost of Test
Outlet 3-inches and over 2-inches Cost of Test
Outlet 4-inches and over 3-inches Cost of Test
Outlets greater than 4-inches Cost of Test

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PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE 6/10/2008 PURSUANT TO 807 KAR 5:011 SECTION 9 (1) By [Signature] Executive Director

FOR Middlesboro and Clinton and Adjacent Territory  
Community, Town or City

P.S.C. KY. NO. 2

SHEET NO. 17

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- (d) In addition to the request tests of meters performed by the Company, the Customer may, upon formal written application to the Public Service Commission accompanied by payment of the fees as set forth, have a test conducted by the Company in the presence of an employee of the Commission, or by an employee of the Commission. Should the meter be found, upon said test, to be more than two (2) percent incorrect to the prejudice of the Customer, the total cost of such test shall be assumed by the Company and the amount of the fee paid shall be returned to the Customer.
- (e) For test of meters made upon complaint of the Customer and performed by the Public Service Commission, the charges therefore shall be in conformity with the rules and charges prescribed by the Commission.

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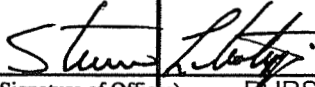
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Executive Director



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11, 12, & 13. PUBLIC FIRE HYDRANTS (including Private Fire Hydrants) and (Fire Hydrants in Unincorporated Areas)

Fire Protection Generally

1. On or after the effective date (June 7, 1992) of administrative regulation 807 KAR 5:066 Section 10(2) fire hydrants may be installed by a Utility only if:

a. A Professional engineer with a Kentucky registration has certified that the system can provide a minimum free flow of 250 gallons per minute; and

b. The system supporting this flow has the capability of providing this flow for a period of not less than two (2) hours plus consumption at the maximum daily rate.

2. The location, installation, and the responsibility for maintenance of fire hydrants, public and private fire protection facilities, connecting mains, and their ownership may be subject to negotiation between the Utility and the applicant. Fire hydrants and public and private fire protection facilities shall be installed as required by the Utility and if owned by the Utility shall be subject to any conditions the Public Service Commission may impose, based upon the compensation received for this service.

Fire Departments Any city, county, urban-county, charter county, fire protection district, or volunteer fire protection district ("User") may withdraw water from the utility's water distribution system for the purpose of fighting fires or training firefighters at no charge on the condition that it maintains estimates of the amount of water used for fire protection and training during the calendar month and reports the amount of this water usage to the utility no later than the 15<sup>th</sup> day of the following calendar month.

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ISSUED BY John Hoy

(Signature of Officer)

TITLE Chief Regulatory Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2005-00325 DATED February 28, 2007

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Any city, county, urban-county, charter county, fire protection district, or volunteer fire protection district that withdraws water from the utility's water distribution system for fire protection or training purposes and fails to submit the required report on water usage in a timely manner shall be assessed the cost of this water.

A non-reporting user's usage shall be presumed to be 0.3 percent of the utility's total water sales for the calendar month. A non-reporting user may present evidence of its actual usage to rebut the presumed usage. The utility shall consider this evidence and may adjust the presumed usage amount accordingly.

The non-reporting user shall be billed for this usage at the lowest usage block rate regardless of customer classification that the utility charges.

A. Non-reporting user shall also be assessed a penalty of \$20.00 for each failure to submit a report in a timely manner

B. 14, DISCONTINUANCE OF WATER SERVICE:

(a) Service rendered under any application, contract or agreement may be discontinued by the Company after proper notification in accordance with 807 KAR 5:006, Section 14 for any of the following reasons:

- (1) For willful or indifferent waste of water.

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By [Signature]  
Executive Director

FOR Middlesboro and Clinton and Adjacent Territory

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(2) For failure to protect the meter and its connections from injury or damage, or for failure to protect and maintain the service pipe or fixtures on the property of the Customer in a condition satisfactory to the Company.

(3) For molesting or tampering by the Customer, or others with the knowledge of the Customer' with any meter' connections, service pipe' seal or any other appliance of the Company controlling or regulating the Customer's water supply.

(4) For failure to provide the Company's employees free and reasonable access to the premises supplied or for obstructing he way of ingress to the meter or other appliances controlling or regulating the Customer's water supply.

(5) For non-payment of any account for water service or for meter or service maintenance or for any other fee or charge accruing under the contract

(6) In case of vacancy of the premises unless the owner requests that water is left on

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and pays a minimum monthly bill.

(7) For violation of any rule or regulation of the Company.

(b) The water service will be discontinued to any premises on account of temporary vacancy upon request of the Customer, without in any way affecting the agreement in force, after the payment of all charges and fees due as provided for in the rates, rules and regulations of the Company.

(c) Discontinuing the supply of water to any premises for any reason shall prevent the Company from pursuing lawful remedies by action at law or otherwise for the collection of moneys due from the Customer.

15. RENEWAL OF WATER SERVICE AFTER DISCONTINUANCE:

When water service to any premises has been terminated for any reason other than temporary vacancy, it will be renewed after the acceptance of a new application and when the conditions, circumstances or practices which caused the water service to be discontinued are corrected to the satisfaction of the Company, and upon the payment of all charges due and payable by the Customer in accordance with the rates, rules and regulations. The Company will then reconnect existing service within twenty-four (24) hours, and shall install and correct new service within seventy-two (72) hours.

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(Signature of Officer)

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
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Executive Director

FOR Middlesboro and Clinton and Adjacent Territory

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16. TURN-ON CHARGE

(a) When it has been necessary to discontinue water service to any premises because of a violation of the Rules and Regulations or on account of the non-payment of any bill; a change will be made to cover the expense of turning on water, and this charge together with any arrears that may be due the Company for charges against the Customer must be paid before the water will again be turned on.

(b) If at the time of such discontinuance of service, the Customer does not have a deposit with the Company, the Company may require a deposit as a guarantee of the payment of future bills before the water will be turned on.

17. BILLS FOR WATER SERVICE:

(a) Customers are responsible for furnishing the Company with their correct address. Failure to receive bills will not be considered an excuse for non-payment nor permit an extension of the date when the account would be considered delinquent.

(b) All bills will be sent to the address entered in the application unless the Company is notified in writing by the Customer of any change of address.

(c) If requested in writing by the Customer, the Company will send bills to and will receive payments from agents or tenants. However, this accommodation will in no way relieve the Customer of the liability for all water charges. The Company shall notify the Customer of the non-payment of water bills by such agents or tenants pursuant to applicable regulations.

(d) Payments shall be made at the office of the Company or at such other places

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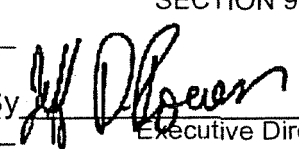
DATE EFFECTIVE February 28, 2007  
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ISSUED BY Steven N. Lubertozzi  
(Signature of Officer)

TITLE Chief Regulatory Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. 2005-00325 DATED February 28, 2007

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
6/10/2008  
PURSUANT TO 807 KAR 5:011  
SECTION 9 (1)

By   
Executive Director

FOR Middlesboro and Clinton and Adjacent Territory  
Community, Town or City

P.S.C. KY. NO. 2

SHEET NO. 22

Water Service Corporation of Kentucky  
(Name of Utility)

CANCELLING P.S.C. KY. NO. 1 (in its entirety)

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conveniently located as may be designated by the Company.

- (e) The company will not be bound by bills rendered under mistake of fact and to the quantity of service rendered.
- (f) The use of water by the same customer in different premises or localities will not be combined, and each installation shall stand by itself.

18. TERMS OF PAYMENT:

- (a) Special charges shall be payable upon demand.
- (b) Bills for metered service shall be rendered monthly and are due and payable when rendered.
- (c) Bills for private fire service shall be rendered monthly in advance and are due and payable when rendered.
- (d) If a bill is not paid within ten days after its due date, the Company may discontinue the water service. The Company will give at least five (5) days notice before termination for nonpayment and that service will not be terminated before 20 days after the mailing date of the original bill.

- 19. (a) There shall be no abatement of the minimum rates due to the extended absence of the Customer without proper notice having been given to the Company. No abatement shall be made for leaks or for water wasted by improper or damaged service pipes or fixtures belonging to the Customer.

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IN CASE NO. 2005-00325 DATED February 28, 2007

  
(Signature of Officer)

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
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By   
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FOR Middlesboro and Clinton and Adjacent Territory

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(b) If test results on a Customer's meter show an average error greater than two percent (2%) fast or slow, or if a Customer has been incorrectly billed for any other reason, except in an instance where a Company has filed a verified complaint with the appropriate law enforcement agency alleging fraud or theft by a Customer, the Company shall immediately determine the period during which the error has existed, and shall recompute and adjust the Customer's bill to either provide a refund to the Customer or collect an additional amount of revenue from the underbilled Customer. The account adjustment shall be performed according to 807 KAR 5:006 Section 10(2) with corrected billing or refund as directed therein.

20. BOILER AND ENGINE WATER SUPPLY:

The Company does not guarantee a sufficient or uniform pressure, or an uninterrupted supply of water, and Customers are cautioned to provide a sufficient storage of water where an absolutely uninterrupted supply must be assured; such as for steam boilers, hot water systems, gas engines, etc.

21. INTERRUPTIONS IN WATER SUPPLY:

The Company may at any time shut off the water in the mains in case of accident, or for the purpose of making connections, alterations, repairs, changes, or for other reasons, and may restrict the use of water to reserve a sufficient supply for the public fire service or other emergencies whenever the public welfare may require it.

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22. LIABILITY OF COMPANY:

- (a) The company will undertake to use reasonable care and diligence in order to prevent and avoid interruptions and fluctuations in the service, but it cannot and does not guarantee that such will not occur.
- (b) The Company shall in no event be liable for any damage or inconvenience caused by reason of any break, leak or defect in the Customer's service pipe or fixtures.

23. CROSS CONNECTIONS AND INTERCONNECTIONS:

- (a) A cross-connection is any pipe, valve, or other arrangement or device connecting the pipelines of the Company or facilities directly or indirectly connected therewith to and with pipes of fixtures supplied with water from any source other than the lines of the Company directly connected.
- (b) An interconnection is a plumbing arrangement, other than a cross-connection, by which continuation might be admitted or drawn into the distribution system of the Company, or into lines connected therewith, used for the conveyance of potable water.
- (c) No cross-connection or interconnection will be made by Customer without the approval of the State Health Department and the Company.

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24. GENERAL

- (a) The service pipes, meters and fixtures on the Customer's premises shall at all reasonable hours be accessible to the Company for observation or inspection.
- (b) No person shall turn the water on or off at any street valve, corporation cock, meter or other street connections, or disconnect or remove any meter without the consent of the Company. Penalties provided by law for any such action will by rigidly enforced.
- (c) Employees or agents of the Company are expressly forbidden to demand or accept any compensation for and service rendered to its Customers except as covered in these Rates, Rules and Regulations.
- (d) No employee or agent of the Company shall have the right or authority to bind it by any promise, agreement or representation contrary to the letter or intent of these Rules and Regulations.
- (e) Any complaint against the service or employees of the Company should be made at the office of the Company and preferably in writing. If a complaint either written, in person or by telephone is not resolved, the Company shall advise the complainant of his right to file a complaint with the Public Service Commission and provide him/her with their address and telephone number.

25. APPROVAL OF THE RULES AND REGULATIONS:

All Rules and Regulations of the Company are subject to the approval of the Public Service Commission of the State of Kentucky and if any part thereof should be adjudged to be in

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By [Signature]  
Executive Director

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violation of any rule or order made by the Commission, then that particular part shall be in-effective but without in any way affecting the other portions thereof.

26. MAIN EXTENSIONS:

- (a) The company will extend existing distribution mains a distance of fifty (50) feet for each bona fide prospective customer, making application for service connection and water service therefrom for a period of one year or more under these Rules and Regulations. Such extensions will be made without cost to such customer(s).
- (b) When an extension greater than fifty (50) feet in length for each bona fide prospective customer is required or requested such extension will be made under the terms of an "Extension Deposit Agreement" as hereinafter set forth. The Company shall have the exclusive right to determine the type and size of mains to be installed and of the related facilities required to render adequate service.
- (c) In determining the length of any extension required pursuant hereto the terminal point of such extension shall, in all cases, be at that point in the curb line of the last lot on which is located a premises to be served which is equidistant from the side property lines of said lot.
- (d) Before water lines are laid in new subdivisions, the subdivider shall furnish the Water Company with a plat (or plan) or the subdivision approved by the City-County Planning and Zoning Commission, and the plat (or plan) shall have been recorded in the County Court.

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By J. H. O'Brien  
Executive Director

FOR Middlesboro and Clinton and Adjacent Territory  
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27. FORM OF EXTENSION AGREEMENT:

THIS CONTRACT made and entered into this the \_\_\_\_\_ day of \_\_\_\_\_  
by and between Water Service Corporation of Kentucky, hereinafter referred to as the Company  
and \_\_\_\_\_, hereinafter referred to as the  
Customer.

WITNESSETH

WHEREAS, Customer desires water service be made available to  
\_\_\_\_\_ which is located on the  
\_\_\_\_\_ as shown on the attached print and marked Exhibit A,  
and

WHEREAS, the Company is willing to make this water main extension from their  
existing main located on the \_\_\_\_\_, as shown on the  
attached Exhibit A.

NOW, therefore for and in consideration of the above premises the mutual agreement and  
benefits herein contained, parties hereto agree as follows:

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By Jeff D. Brown  
Executive Director

FOR Middlesboro and Clinton and Adjacent Territory  
Community, Town or City

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Water Service Corporation of Kentucky  
(Name of Utility)

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1. The Company agrees that it will secure the necessary material and install the main extensions hereinafter described and shown on the attached print and marked Exhibit A.
  
2. The amount and size of pipe and fittings required are as follows:  
  
\_\_\_\_\_
  
3. It is further agreed that for each customer connected to this main extension the Company \_\_\_\_\_ will refund to the Customer a sum equivalent to the cost of 50' of this extension, or \_\_\_\_\_ per customer connected to said extension.
  
4. This contract applies only to customers connected to above size pipe, and shown on attached plan, Exhibit A.
  
5. Such refund to Customer shall be made in December of each year for water customers \_\_\_\_\_ connected to this water main extension, but in no event shall the refund be extended beyond ten \_\_\_\_\_ (10) years from the date of this contract, and

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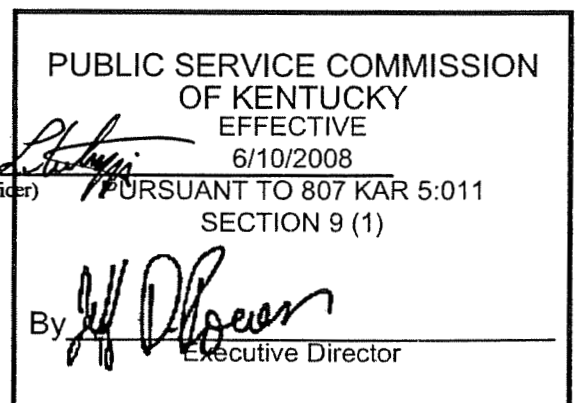
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in the event that the total amount deposited by the Customer with Company is not refunded under the terms specified hereinbefore within said ten (10) years period the Company shall not be required to pay or refund the difference between the total amount of refund and the total amount deposited by Customer, any balance remaining in its hands shall belong to the Company.

6. The Company shall not be required to pay interest on the deposit or any part of unpaid balance thereof.
  
7. Nothing in this agreement shall give the Customer any right, title or interest in the owner- ship or operation of this water main extension or facilities to be installed by Company, as herein provided.

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By J. D. Brown  
Executive Director

FOR Middlesboro and Clinton and Adjacent Territory  
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IN WITNESS WHEREOF the parties hereto have executed this agreement this day and year written above.

WITNESS:

WATER SERVICE CORPORATION  
OF KENTUCKY

\_\_\_\_\_

\_\_\_\_\_

WITNESS:

CUSTOMER

\_\_\_\_\_

\_\_\_\_\_

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By J. D. Brown  
Executive Director

FOR Middlesboro and Clinton and Adjacent Territory  
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Water Service Corporation of Kentucky  
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28. SERVICE CHARGE:

The following charges will be made by the Company to cover the cost incurred in reconnecting the meter or service when the Customer's service has been disconnected:

- (a) For non-payment of bills .....\$20.00
- (b) For violation of the Company's Rules and Regulations after the Customer has qualified for and requested that the service be reconnected ..... \$20.00
- (c) At his request and at any time subsequently within 12 months is reconnected at the same location .....\$20.00

These charges are to be paid by customer before or at the time service is reconnected.

29. CUSTOMER'S DEPOSITS:

The Company may require a minimum cash deposit other guarantee to secure payment of bills. Service may be refused or discontinued for failure to pay the requested deposit. Interest, as prescribed by KRS 278.4601, will be paid annually either by refund or credit to the Customer's bill, except that no refund or credit will be made if the Customer's bill is delinquent on the anniversary date of the deposit.

The deposit may be waived upon a Customer's showing of satisfactory credit or payment history, and required deposits will be returned after one (1) year if the Customer has established a satisfactory payment record for that period. If a deposit has been waived or returned and the customer fails to maintain a satisfactory payment record, a deposit may then be required. The

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By [Signature]  
Executive Director

FOR Middlesboro and Clinton and Adjacent Territory  
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Company may require a deposit in addition to the initial deposit if the Customer's classification of service changes or if there is a substantial change in usage. Upon termination of service, the deposit, any principal amounts, and any interest earned and owing will be credited to the final bill with any remainder refunded to the Customer.

In determining whether a deposit will be required or waived, the following criteria will be considered:

1. Previous payment history with the Company. If the Company has no previous history with the Company, statements from other utilities, banks, etc. may be presented by the Customer as evidence of good credit.
2. Whether the Customer has an established income or line of credit.
3. Length of time the Customer has resided or been located in the area.
4. Whether the customer owns property in the area.
5. Whether the customer has filed bankruptcy proceedings within the last seven years.
6. Whether another customer with a good payment history is willing to sign as a guarantor for an amount equal to the required deposit.

If a deposit is held longer than 18 months, the deposit will be recalculated at the Customer's request based on the Customer's actual usage. If the deposit on account differs from the recalculated amount by more than \$10.00 for a residential customer or 10 percent for a non-residential customer, the Company may collect any underpayment and shall refund any overpayment by check or credit to the Customer's bill. No refund will be made if the Customer's bill is delinquent at the time of the recalculation.

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Equal Deposits

All residential, small business and small commercial customers will pay equal deposits in the amount of \$40.00. This amount does not exceed the average bill of residential customers served by the Company and is equal to 2/12 of the average annual bill. (3/12 where bills are rendered bimonthly or 4/12 where bills are rendered quarterly.)

Calculated Deposits

Large Business/Commercial or Industrial Customer's deposits shall be based upon actual usage of the Customer at the same or similar premises for the most recent 12-month period, if such information is available. If usage information is not available, the deposit will be based on the average bills of similar Customers and premises in the system. The deposit amount shall not exceed 2/12 of the Customer's actual or estimated annual bill where bills are rendered monthly, 3/12 where bills are rendered bimonthly, or 4/12 where bills are rendered quarterly.

30. CUSTOMER BILL OF RIGHTS

As a residential Customer of a regulated public utility in Kentucky, you are guaranteed the following rights subject to Kentucky Revised Statutes and the provisions of the Kentucky Public Service Commission Administration Regulations:

- You have the right to service, provided you (or a member of your household whose debt was accumulated at your address) are not indebted to the utility.

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- You have the right in inspect and review the utility's rates and tariffed operating procedures during the utility's normal office hours.
- You have the right to be present at any routine utility inspection of your service condition.
- You must be provided a separate, distinct disconnect notice alerting you to a possible disconnection of your service if payment is not received.
- You have the right to dispute the reasons for any announced termination of your service.
- You have the right to negotiate a partial payment plan when your service is threatened by disconnection for non-payment.
- You have the right to maintain your utility service for up to thirty (30) days upon presentation of a medical certificate issued by a health official.
- You have the right to prompt (within 24 hours) restoration of your service when the cause for discontinuance of the service has been corrected.

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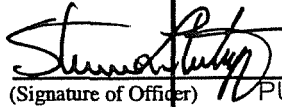
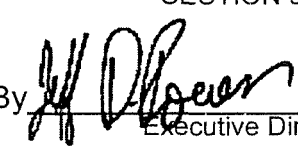
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- You have the right to contact the Public Service Commission regarding any dispute that you have been unable to resolve with your utility (Call Toll Free 1-800-772-4636.)

CONTRACT FOR WATER SERVICE

DATE \_\_\_\_\_

NAME \_\_\_\_\_ ADDRESS \_\_\_\_\_

PHONE \_\_\_\_\_

SOCIAL SECURITY OR OTHER I.D. NO. \_\_\_\_\_

Application for water service is accepted by and between the undersigned and the \_\_\_\_\_ with the following stipulations and agreements:

1. Public Service Commission rules and regulations as set forth in 807 KAR 5 and Kentucky Department for Natural Resources, Division of Water standards and laws must be observed and adhered to, and may be viewed upon request by the applicant.
2. The applicant agrees to pay a \$\_\_\_\_\_ meter deposit, which will be refunded with interest when the applicant ceases to be a water customer and all accounts are paid in full.
3. One household may be served by one meter. The company reserves the right to terminate service at the meter if addition of other houses or mobile homes is suspected.
4. Company employees, possessing proper identification have right of egress and ingress for meter reading, maintenance and repair activities as they are warranted.
5. Water bills are due to be paid between the first and the tenth of each month at the Company office. If not paid by the tenth, a ten percent penalty is added to the amount due. If not paid

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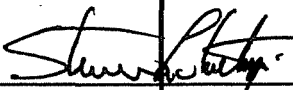
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P.S.C. KY. NO. 2

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Water Service Corporation of Kentucky  
(Name of Utility)

CANCELLING P.S.C. KY. NO. 1 (in its entirety)

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in full by the twentieth, service is subject to disconnection. An additional meter deposit may be required and a service charge must be paid before service may be restored.

6. The water customer is responsible for water service lines from the meter to the dwelling. Installation, repair, and water loss are the responsibility of the Customer.
7. Customer service lines and connections must be inspected by Company personnel to insure against cross-connections and inadequate materials for drinking water.
8. Customer service lines shall be of at least ¾ inch pipe or larger, and shall be at least 160 pounds pressure with 200 psi preferred. Service line shall be buried at least 24 inches to prevent freezing.
9. No galvanized fittings may be used on Customer lines.
10. A cut-off valve outside the meter box must be installed on the Customer's service line for the Customer's use.
11. A check valve to prevent back flow in case of water outage must be installed in Customer's service line.
12. A plumbing inspection permit from the local Health Department must be shown before installation of a meter.
13. The company agrees to supply potable water with adequate pressure to the Customer meter. If water must be off for a planned outage Customers will be notified. In case of emergency water line repair or unforeseen water outage, the Company will restore service as soon as possible.
14. Upon fulfilling contract terms and desiring to discontinue water service, the Customer must give written notice in person or via telephone pursuant to 807 KAR 5:006 Section 12(1) of discontinuance at the Company office at least three days prior to the date on which disconnection is desired. If such notice is not given, the customer will remain liable for water used and service rendered to the premises by the Company until said notice is received by the Company office.

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DATE OF ISSUE	<u>February, 28, 2007</u> Month / Date / Year
DATE EFFECTIVE	<u>February, 28, 2007</u> Month / Date / Year
ISSUED BY	<u>Steven M. Lubertozi</u> (Signature of Officer)
TITLE	<u>Chief Regulatory Officer</u>
BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION	
IN CASE NO. <u>2005-00325</u>	DATED <u>February 28, 2007</u>

<p>PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE 6/10/2008 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)</p> <p>By <u>[Signature]</u> Executive Director</p>
--

FOR Middlesboro and Clinton and Adjacent Territory  
Community, Town or City

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SHEET NO. 37

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CONTRACT APPROVED BY:

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Applicant/Customer

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Company Representative

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DATE OF ISSUE February, 28, 2007  
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ISSUED BY Steven M. Lubertozzi  
(Signature of Officer)

TITLE Chief Regulatory Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2005-00325 DATED February 28, 2007

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
6/10/2008  
PURSUANT TO 807 KAR 5:011  
SECTION 9 (1)

By [Signature]  
Executive Director

FOR Middlesboro and Clinton and Adjacent Territory  
Community, Town or City

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Water Service Corporation of Kentucky  
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CUSTOMER BILL FORM (All Customers)

DATE OF ISSUE February, 28, 2007  
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DATE EFFECTIVE February, 28, 2007  
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ISSUED BY Steven M. Lubertozzi

TITLE Chief Regulatory Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2005-00325 DATED February 28, 2007

  
(Signature of Officer)

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
6/10/2008  
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SECTION 9 (1)

By   
Executive Director

**Utilities, Inc.**

Water Service Corp of Kentucky  
 Phone (606) 248-5730  
 Collections: (606) 248-5730  
 Customer Service: (606) 248-5730  
 www.uiwater.com

Bill Date	Account Number	Due Date	Please Pay
11/17/2008	6343110000	12/15/2008	\$ 17.00

Name [REDACTED] Primary Telephone # (606) [REDACTED]  
 Service Address [REDACTED] MIDDLESBORO KY 40965

**Activity Since Last Bill**

Previous Balance \$15.32  
 Payments received as of 11/17/2008 \$-15.32  
 Balance as of 11/17/2008 \$0.00

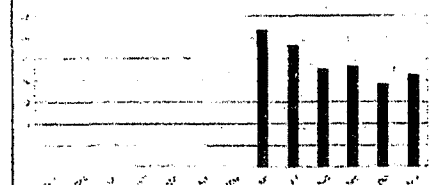
**Residential Water Service**

1,000 gallons at \$6.74 per 1,000 gallons \$6.74  
 Next 3,600 gallons at \$2.71 per 1,000 gallons \$9.76  
 City School Tax at 3% \$0.50  
 Total Residential Water Service \$17.00  
**Total Amount Due \$17.00**

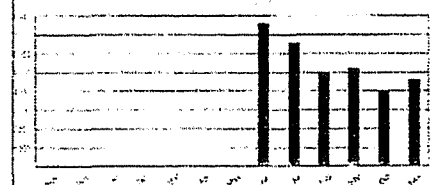
**Summary of Service**

Meter Reading Meter # 43497  
 Current 150000 11/13/2008  
 Previous 145400 10/15/2008  
 Usage 4,600 Gallons  
 Number of Days: 29  
 Average Daily Use: 159 Gallons  
 Average Daily Cost: \$ 0.59

**Billing History**



**Consumption History**



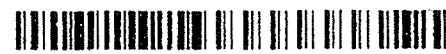
The payment for this bill is due upon receipt.  
 Make check payable to: Water Service Corp of Kentucky

Messages

**Utilities, Inc.**

2335 Sanders Road  
 Northbrook, IL 60062

[REDACTED]  
 PO BOX [REDACTED]  
 MIDDLESBORO KY 40965



Account Number: 6343110000

Due Date: 12/15/2008 Amount Paid  
 PUBLIC SERVICE COMMISSION  
 OF KENTUCKY  
 Please Pay \$ 17.00 EFFECTIVE  
 6/16/2008

PURSUANT TO 807 KAR 5:011

Water Service Corp of Kentucky SECTION 9 (1)

PO BOX 24

Charlotte, N

By [Signature]

Executive Director

FOR Middlesboro and Clinton and Adjacent Territory  
Community, Town or City

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MONITORING OF CUSTOMER USAGE

At least once annually the Company will monitor the usage of each Customer according to the following procedure:

- (1) The Customer's annual usage for the most recent 12-month period will be compared with the annual usage for the 12 months immediately preceding that period.
- (2) If the annual usage for the two periods are substantially are same or if any difference is known to be attributed to unique circumstances, such as unusual weather conditions, common to all Customers, no further review will be done.
- (3) If the annual usages differ by twenty (20) percent or more and cannot be attributed to a readily identified common cause, the Company will compare the Customer's monthly usage records for the 12-month period with the monthly usage for the same months of the preceding year.
- (4) If the cause for the usage deviation cannot be determined from analysis of the Customer's meter reading and billing records, the Company will contact the Customer by telephone or in writing to determine whether there have been changes such as different number of household members or work staff, additional or different appliances, changes in business volume, or known leaks in the Customer's service line.
- (5) Where the deviation is not otherwise explained, the Company will test the Customer's meter to determine whether it shows an average error greater than 2 percent fast or slow.
- (6) The Company will notify the Customers of the investigation, its findings, and any refunds

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(Signature of Officer)

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BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2005-00325 DATED February 28, 2007

PUBLIC SERVICE COMMISSION OF KENTUCKY	
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By <u>[Signature]</u>	Executive Director



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or backbilling in accordance with 807 KAR 5:006, Section 10(4) and (5).

In addition the the annual monitoring, the Company will immediately investigate usage deviations brought to its attention as a result of its on-going meter reading or billing process or customer inquiry.

SCHEDULE OF SPECIAL SERVICE CHARGES

The following charges for special services shall be made:

1. Service Reconnection Charge. A charge of \$20.00 shall be made for all service reconnections made during regular working hours, except that there shall be no connection charges made for service on the original installation of facilities.
2. Meter Reading Recheck Charge. A charge of \$20.00 shall be made for a trip to recheck a meter reading when the Customer requests the meter to be rechecked for a correct reading and meter was not misread.
3. Meter Test. Upon request and payment of \$15.00 the Customer may have his meter tested provided request by the Customer is not more frequent than once each twelve months. If such test shows the meter to be more than two percent fast, a refund of \$15.00 charge shall be made and bill adjusted accordingly. If the periodic testing requirement of 807 KAR 5:006 has not been met for the meter tested, no charge will be made for the test regardless of results of the test.

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<p>PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE 6/10/2008 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)</p> <p>By <u>Jeff D. Brown</u> Executive Director</p>
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FOR Middlesboro and Clinton and Adjacent Territory  
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4. PSC Meter Test Complaint. Any Customer of the Company may request a meter test by written application to the Kentucky Public Service Commission.

APPENDIX C

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2005-00325 DATED February 28, 2007

The following rates and charges are prescribed for the customers in the area served by Water Service Corporation of Kentucky. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Water Rates

Middlesboro

Consumption

First	1,000 gallons	\$6.74	Minimum bill
Next	9,000 gallons	2.71	per 1,000 gallons
Next	15,000 gallons	2.47	per 1,000 gallons
Next	25,000 gallons	2.35	per 1,000 gallons
Next	50,000 gallons	2.10	per 1,000 gallons
All Over	100,000 gallons	1.92	per 1,000 gallons

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By <u>[Signature]</u>	Executive Director

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Minimum Monthly Charge

5/8" or 3/4" meter	\$ 6.74	1,000 gallons
1" meter	20.29	6,000 gallons
1 1/2" meter	38.54	13,000 gallons
2" meter	59.29	21,400 gallons
3" meter	165.57	68,400 gallons
4" meter	284.73	127,500 gallons
6" meter	580.41	281,500 gallons

Clinton

Consumption

First	1,000 gallons	\$ 9.02	Minimum bill
Next	9,000 gallons	5.11	per 1,000 gallons
Next	15,000 gallons	4.69	per 1,000 gallons
Next	25,000 gallons	4.27	per 1,000 gallons
Next	50,000 gallons	3.79	per 1,000 gallons
All Over	100,000 gallons	3.31	per 1,000 gallons

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By <u>[Signature]</u>	Executive Director

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Minimum Monthly Charge

5/8" or 3/4 " meter	\$ 9.02	1,000 gallons
1" meter	30.99	5,300 gallons
1 1/2" meter	60.64	11,200 gallons
2" meter	90.65	17,600 gallons
3" meter	262.05	57,900 gallons
4" meter	423.93	100,700 gallons
6" meter	919.77	250,500 gallons

Monthly Fire Protection Charges

Private Hydrants or Sprinkler Systems	\$ 15.00 per hydrant or sprinkler
Clinton municipally owned hydrants	3.33 per hydrant
Middlesboro municipally owned hydrants	3.33 per hydrant

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PURSUANT TO 807 KAR 5:011  
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By [Signature]  
Executive Director

FOR Middlesboro and Clinton and Adjacent Territory  
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CUSTOMER COMPLAINTS

Complaints may be made to the Area Manager whose decision may be appealed to the Water Service Corporation of Kentucky Regional Manager. Such appeal shall be in writing within ten (10) days of the date of the decision by the Manager stating the nature of the complaint and supporting evidence. These decisions may be brought before the Public Service Commission in accordance with 807 KAR 5:006, Section 9.

WATER SHORTAGE RESPONSE PLAN

Water Service Corporation of Kentucky  
Middlesboro, Kentucky, Clinton, Kentucky

This Water Shortage Response Plan is adopted pursuant to the recommendations of the Kentucky Public Service Commission and the Commission's Model Water Shortage Response Plan, as herein modified, which was transmitted to all jurisdictional water utilities by letter from the Commission dated July 12, 1988.

Section 1. Purpose. The purpose of this Plan is to provide for the declaration of official phases of water supply shortages and the implementation of voluntary and mandatory water conservation measures throughout the area served by Water Service Corporation of Kentucky in the event of a shortage is declared.

Section 2. Definitions. These terms are applicable only for this Plan unless specifically noted.

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By <u>Jeff D. Brown</u> Executive Director	(Signature of Officer)

FOR Middlesboro and Clinton and Adjacent Territory  
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- (a) "Customer" shall mean any person or entity using water for any purpose from the Water Service Corporation of Kentucky water distribution system and for which either a regular charge is made or, in the case of bulk sales, a cash charge is made at the site of delivery.
- (b) "Raw Water Supplies" shall mean all water potentially available to persons in the Water Service Corporation of Kentucky.
- (c) "Treated Water" shall mean water that has been introduced by the Water Service Corporation of Kentucky into its water distribution system, including water offered for sale. Uses of treated water are classified as follows:

Essential Water Uses (Class 1):

The following uses of water, listed by site or user type, are essential.

Domestic:

- water necessary to sustain human life and the lives of domestic pets, and to maintain minimum standard of hygiene and sanitation.

Health Care Facilities:

- patient care and rehabilitation, including related filling and operation of swimming pools.

Water Hauling:

- sales for domestic use where not reasonably available elsewhere.

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Public Use:

- firefighting,
- health and public protection purposes, if specifically approved by health officials.

Socially or Economically Important Uses (Class 2):

The following uses of water, listed by site or user type, are socially or economically important.

Domestic:

- personal, in-house water use including kitchen, bathroom and laundry.

Water Hauling:

- non-domestic, when other sources are not reasonably available elsewhere.

Commercial and Civic Use:

- commercial car and truck washes.
- Laundromats.
- restaurants, clubs, and eating places.
- schools, churches, motels/hotels, and similar commercial establishments.

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Outdoor Non-Commercial Watering:

- minimal watering of vegetable gardens.
- minimal watering of trees where necessary to preserve them.

Outdoor Commercial or Public Watering (using conservation methods and when other sources of water are not available or feasible to use):

- agricultural irrigation for the production of food and fiber or the maintenance of livestock.
- watering by arboretums and public gardens of national, state, regional, or community significance where necessary to preserve specimens.
- watering by commercial nurseries at a minimum level necessary to maintain stock
- watering at a minimum rate necessary to establish or maintain revegetation or landscape plantings required pursuant to law or regulation.
- watering of woody plants where necessary to preserve them.
- minimal watering of golf course greens.

Recreational:

- operation of municipal swimming pools and residential pools that serve more than 25 dwelling units.

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By <u>[Signature]</u>	Executive Director



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Air Conditioning:

- refilling for startup at the beginning of the cooling season.
- makeup of water during the cooling season.
- refilling specifically approved by health officials where the system has been drained for health protection or repair services.

Non-Essential Use (Class 3):

Any waste of water, as defined herein, is non-essential. The following uses of water, listed by site or user type, are non-essential.

Public Use:

- use of fire hydrants (excluding Class 1 and Class 2 uses), including use of sprinkler caps, testing fire apparatus, and fire department drills.
- flushing of sewers and hydrants except as needed to ensure public health and safety as approved by health officials.

Commercial and Civic Use:

- serving water in restaurants, clubs, or eating places, except by customer request.
- failure to repair a controllable leak.
- increasing water levels in scenic and recreational ponds and lakes, except for the minimum amount required to support fish and wildlife.

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By <u>Jeff D. Boen</u> Executive Director	

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Ornamental Purposes:

- fountains, reflecting pools, and artificial waterfalls.

Outdoor Non-Commercial Watering:

- use of water for dirt control or compaction.
- watering of annual or non-woody plants, lawns, parks, golf course fairways, playing fields, and other recreational areas.
- washing sidewalks, walkways, driveways, parking lots, tennis courts, or other hard-surface areas.
- washing down buildings or structures for purposes other than immediate fire protection.
- flushing gutters or permitting water to run or accumulate in any gutter or street.

Outdoor Commercial or Public Watering:

- expanding nursery facilities, placing new irrigated agricultural land in production or planting of landscaping except when required by site design review process.
- use of water for dirt control or compaction.
- watering of lawns, parks, golf course fairways, playing fields, and other recreational areas.

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By <u>Jeff D. Brown</u>	Executive Director

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- washing sidewalks, walkways, driveways, parking lots, tennis courts or other hard-surface areas.
- washing down buildings or structures for purposes other than immediate fire protection.
- flushing gutters or permitting water to run or accumulate in any gutter or street.

Recreational uses other than those specified in Class 2.

Non-commercial washing of motor and other vehicles.

Air Conditioning (see also Class 2 purposes):

- refilling cooling towers after draining.
- (d) "Base Entitlement" shall mean the monthly usage for a customer during the same month of the preceding calendar year or the average per customer usage for each class of service during the same month of the preceding year.
- (e) "Curtailed Entitlement" shall mean the monthly usage for a customer after any curtailment percentage has been applied.
- (f) "Curtailment" shall mean the reduction in entitlement by some percentage to meet anticipated water shortages.
- (g) Water Shortage Response Phases:

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“Advisory” shall mean that conditions exist which indicate the potential for serious raw or treated water supply shortages.

“Alert” shall mean the raw or treated water supplies are consistently below seasonal averages, and if they continue to decline, may not be adequate to meet normal needs.

“Emergency” shall mean that raw or treated water supplies are below the level necessary to meet normal needs and that serious shortages exist in the area.

- (h) “Rationing” shall mean that procedures must be established to provide for the equitable distribution of critically-limited raw or treated water supplies, in order to balance demand and limited available supplies, and to assure that sufficient water is available to preserve public health and safety.

Section 3. Applicability. The provisions of this Plan shall apply to all retail and wholesale Customers of the Water Service Corporation of Kentucky. When implemented, this Plan becomes Water Service Corporation of Kentucky’s Water Shortage Response Regulation.

Section 4. Entitlements. Entitlements shall be established for each customer by adjusting the base entitlement to reflect any known change in usage pattern.

Section 5. Determination of Water Shortage. Water supply and usage shall be monitored on a continuous basis. Unrestricted demand shall be projected from past records and adjusted for charges such as new developments and weather conditions on a regular basis. (Note: A sample calculation page is attached as Appendix A to assist in determining overall water levels. It is important that accurate water measurements be used.) Water shortages generally occur for two reasons: a reduction in available supplies or a system failure. Each of these has a distinct

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ISSUED BY	<u>Steven M. Lubertozi</u> (Signature of Officer)
TITLE	<u>Chief Regulatory Officer</u>
BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION	
IN CASE NO. <u>2005-00325</u>	DATED <u>February 28, 2007</u>

PUBLIC SERVICE COMMISSION OF KENTUCKY	
EFFECTIVE 6/10/2008	
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)	
By <u>Jeff D. Brown</u>	Executive Director

FOR Middlesboro and Clinton and Adjacent Territory  
Community, Town or City

P.S.C. KY. NO. 2

SHEET NO. 52

Water Service Corporation of Kentucky  
(Name of Utility)

CANCELLING P.S.C. KY. NO. 1 (in its entirety)

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influence on the nature and duration of the conservation program implemented. Official declaration of a water shortage stage and implementation of the measures necessary to curtail water use shall be approved by the President of Water Service Corporation of Kentucky.

Section 6. Term of Water Shortage Declaration. Any water shortage declaration shall remain in effect until water supplies and service conditions have returned to normal. A final determination as to terminating a water shortage declaration shall be made by the President of Water Service Corporation of Kentucky.

Section 7. Water Shortage, Criteria, Conservation, and Curtailment Measures.

A. Advisory Stage:

(1) Criteria: A water advisory shall be declared when the amount of treated water or raw water available for treatment is projected to be no more than 15 percent above demand, or there are periods of low water pressure in one or more areas of the distribution system due to system failure or inadequacies or the State Division of Water issues a Water Shortage Watch which includes the areas from which the Water Service Corporation of Kentucky draws water.

(2) Conservation and Curtailment Measures:

(a) Declare a Water Shortage Advisory.

(b) Provide proper notice to all customers and to all local news media.

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EFFECTIVE 6/10/2008	
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)	
By <u>[Signature]</u>	Executive Director

FOR Middlesboro and Clinton and Adjacent Territory  
Community, Town or City

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- (c) Eliminate all water leaks.
  - (d) Request voluntary conservation of all non-essential (Class 3) water use.
  - (e) Request wholesale customers also issue request for voluntary conservation by0 their customers of all non-essential (Class 3) water use.
- B. Alert Stage:
- (1) Criteria: A water alert shall be declared when the amount of treated water available is projected to be no more than 10 percent above demand, and raw water supplies are consistently below seasonal averages and if they continue to decline, may not be adequate to meet normal needs.
  - (2) Conservation and Curtailment Measures:
    - (a) Declare a Water Shortage Alert.
    - (b) Provide proper notice to all customers and to all local news media.
    - (c) Eliminate all water leaks.
    - (d) Prohibit all non-essential (Class 3 ) water uses.
    - (e) Curtail elements to all customers by the same percentage as the projected shortage.
    - (f) Begin billing all customer water usage in excess of curtailed entitlement

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By <u>[Signature]</u>	Executive Director

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at the normal rate plus an excess usage charge of \$7.50 per 1,000 gallons.

C. Emergency Stage:

1. Criteria: A Water Emergency shall be declared when the amount of treated water available is projected to be no more than 5 percent above demand, and there are periods of no water in one or more areas of the distribution system due to low water supply or raw water supplies below the level necessary to meet normal needs.

2. Conservation and Curtailment Measurements:

- (a) Declare a Water Shortage Emergency.
- (b) Provide proper notice to all customers and to all local news media.
- (c) Eliminate all water leaks.
- (d) Prohibit all Class 3 uses of water.
- (e) Prohibit all Class 2 uses of water except Domestic uses for kitchens, bathrooms, and laundries.
- (f) Curtail all commercial and industrial entitlements (except Health Care Facilities) by 100%.
- (g) Curtail Residential entitlements by the same percentage as the projected shortage.

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PUBLIC SERVICE COMMISSION OF KENTUCKY	
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PURSUANT TO 807 KAR 5:011 SECTION 9 (1)	
By <u>Jeff D. Brown</u>	Executive Director

FOR Middlesboro and Clinton and Adjacent Territory  
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- (h) Curtail entitlements to all wholesale customers by the same percentage as the projected shortage.
- (i) Begin billing all customer water usage in excess of curtailed entitlement at the normal rate plus an excess usage charge of \$8.50 per 1,000 gallons.

D. Rationing Stage:

- 1. Criteria: Treated water available is below demand and raw water supplies are no more than 3 percent above the level necessary to meet essential needs, and in the opinion of the President and/or Manager of Water Service Corporation of Kentucky, mandatory rationing is required to insure adequate water is available to maintain public health and safety.
- 2. Conservation and Curtailment Measures:
  - (a) Declare Water Shortage Rationing.
  - (b) Provide proper notice to all customers and to all local news media.
  - (c) Eliminate all water leaks.
  - (d) Prohibit all Class 3 and Class 2 uses of water.

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OF KENTUCKY  
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By [Signature]  
Executive Director



FOR Middlesboro and Clinton and Adjacent Territory  
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- (e) Curtail all commercial and industrial entitlement (except Health Care Facilities) by 100%.
- (f) Curtail all residential and wholesale entitlements by the same percentage as the projected shortage.
- (g) Implement service interruptions to portions of system in accordance with approved published schedule. The schedule shall be provided to all local media.
- (h) Begin billing customer water usage in excess of curtailment entitlement at the normal rate plus an excess usage charge of \$9.50 per 1,000 gallons.

Section 8. Enforcement of Water Restriction. Any person who violates the provisions of this Plan, who fails to carry out the duties and responsibilities imposed by this Plan, or who impedes or interferes with any action undertaken or ordered pursuant to this Plan shall be subject to the following:

- (a) If the utility official charged with implementation and enforcement of this Plan learns of any violation of any water use restriction imposed, a written notice of the violation shall be affixed to the property where the violation occurred and mailed to the customer of record. Said notice shall describe the violation and order that it be corrected, cured, or abated immediately or within 48 hours.
- (b) The notice will inform the customer of his or her right to appeal by requesting a hearing before the utility's designee. If a hearing is requested by the customer, he or she shall be given full opportunity to be heard before termination. The governing body shall make findings of fact and decide whether service should continue or terminate.

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By <u>[Signature]</u>	Executive Director

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- (c) Any customer whose water service is terminated for violating provisions of this water curtailment plan shall be subject to the approved reconnection fee prior to reconnection of service.
- (d) Any residential or non-residential water customer who exceeds the allotments established pursuant to this water shortage response plan will be subject to excess-use charges.
- (1) "Excess-use charges" will be collected based on the amount by which a customer's use exceeds the water allotments established pursuant to this Water Shortage Response Plan.
- (2) Any monies collected through excess-use charges shall not be accounted for as income, but shall be placed in a reserve account that is dedicated to addressing water shortage problems and water conservation initiatives.
- (3) However, the excess usage charge billing provisions of this Plan shall not be put in effect if a county or city ordinance containing penalty provisions is in effect to assist enforcement of this Plan.

Section 9. Request for Exception.

- (a) Exception to water use restrictions: If compliance with any curtailment measure authorized herein would cause a customer to bear extraordinary hardship, that individual or entity may apply to the Water Service Corporation of Kentucky for an exception. For these purposes, "extraordinary hardship" shall be defined as a condition which may threaten health and safety, or cause property or economic losses, each of which must be shown to be substantially more severe than the sacrifices borne by other users. If extraordinary hardship is found to exist, then an exception shall be granted and a written

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---

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waiver issued to the customer. If an appeal is made, water service shall be continued until a decision is announced. Any person aggrieved by the decision may file a complaint with the Public Service Commission.

- (b) Exception to curtailment surcharge: Exceptions to excess use charges shall not be considered or granted.

Section 10. Severability. If any provision of this Plan is declared invalid by the courts, the remainder of the Plan and its applicability to other persons and circumstances shall not be affected by that declaration.

Section 11. Effective Date. This Plan shall take effect immediately upon approval by the Public Service Commission.

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<p>PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE <u>6/10/2008</u> PURSUANT TO 807 KAR 5:011 SECTION 9 (1)</p> <p>By <u>J. D. Brown</u> Executive Director</p>
---

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Water Service APPENDIX A

Corporation of Kentucky

Middlesboro, Kentucky and Clinton, Kentucky

PROJECTED DEMAND WORKSHEET FOR \_\_\_\_\_  
(Month) (Year)

The information below would be used to estimate projected demand for one (1) month.

Calculations will done at the beginning of each month.

Average use in \_\_\_\_\_ for the past 5 years: \_\_\_\_\_  
(Last Month)

Average use in \_\_\_\_\_ for 2 years ago: \_\_\_\_\_  
(Last Month)

Average use in \_\_\_\_\_ for 1 year ago: \_\_\_\_\_  
(Last Month)

Average use in \_\_\_\_\_ for current year: \_\_\_\_\_  
(Last Month)

Average use in \_\_\_\_\_ for the past 5 years: \_\_\_\_\_  
(This Month)

Average use in \_\_\_\_\_ for 2 years ago: \_\_\_\_\_  
(This Month)

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PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
6/10/2008  
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SECTION 9 (1)

By [Signature]  
Executive Director

FOR Middlesboro and Clinton and Adjacent Territory  
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Average use in \_\_\_\_\_ for 1 year ago: \_\_\_\_\_  
(This Month)

Usage Notes: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Weather Notes: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Average projected use for \_\_\_\_\_:

Without conservation measures:	_____ gpd
With advisory conservation measures (reduction)	_____ gpd
With alert conservation measures (More than reduction)	_____ gpd
With emergency conservation measures (More than reduction)	_____ gpd
With rationing conservation measures (More than reduction)	_____ gpd

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PUBLIC SERVICE COMMISSION OF KENTUCKY	
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By <u>J. D. [Signature]</u>	Executive Director

# PROPOSED TARIFFS

FOR Middlesboro and Clinton and Adjacent Territory  
Community, Town or City

P.S.C. KY. NO. 3

SHEET NO. 1

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3.	Use of Water in Accordance with Application
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5.	Customers' Liability for Charges
6.	Street Service Connections
7.	Customers' Service Pipes
8.	Plumbing Must be Approved by Company
9.	Meters and Meter Installation
10.	Meter Tests and Test Fees

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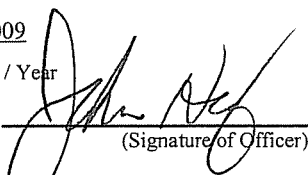
March 5, 2009  
Month / Date / Year

DATE EFFECTIVE

April 15, 2009  
Month / Date / Year

ISSUED BY

John Hoy



(Signature of Officer)

TITLE

Chief Regulatory Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2008-00563

DATED

FOR Middlesboro and Clinton and Adjacent Territory  
Community, Town or City

P.S.C. KY. NO. 3

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BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2008-00563 DATED



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TERRITORY TO WHICH RULES, REGULATIONS AND SERVICE CLASSIFICATIONS APPLY:

The Rules, Regulations, and Service Classifications contained in this tariff apply in the following:

City of Middlesboro and contiguous territory in Bell County, Kentucky

City of Clinton and contiguous territory in Hickman County, Kentucky

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\_\_\_\_\_  
(Signature of Officer)

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IN CASE NO. 2008-00563

DATED

FOR Middlesboro and Clinton and Adjacent Territory  
Community, Town or City

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DEFINITIONS

DEFINITIONS APPLICABLE TO RULES AND REGULATIONS:

- (a) "Customer" shall mean any person, firm, corporation or municipality supplied by water service pursuant to these Rules and Regulations.
- (b) "Bona fide prospective customer" shall mean any owner or lessee who is to be the occupant of an existing development premises having a curb line abutting on that part of a street or public highway in which there is, or is to be, located a distribution main of the Company, who shall file a signed application for a new street service connection and for water service to such premises to be occupied.
- (c) "Company" shall mean the Water Service Corporation of Kentucky acting through its officers, managers, or other duly authorized employees or agents.
- (d) "Street service connections" shall mean a pipe with appurtenances used to conduct water from a distribution main of the Company to the curb line of the premises.
- (e) "Premises" shall mean and include:
  - (1) a building under one roof and occupied as one business or residence and served through one street service connection; or

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FOR Middlesboro and Clinton and Adjacent Territory  
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- (2) a combination of buildings in common ownership in one common enclosure or on a single tract of land not crossed by public streets, roads, or ways and occupied by one family or business and served through one street connection or through more than one such connection if in the exclusive discretion of the Company, multiple connections are advisable in providing service; or
- (3) one side of a double house having a solid vertical partition wall or each unit of a series of what are commonly known as row houses, each unit being occupied by one family or business and each served through one street service connection; or
- (4) a building having a number of apartments or offices and using halls and means of entrance in common, and served through one street service connection; or
- (5) a building previously erected as a single family residence served through one street service connection and subsequently converted into apartments or offices or a combination of such, with two or more separate halls and means of entrance not used in common, and where separate water supply plumbing would not be practicable; or
- (6) each residential or business single occupancy unit, served through one street service connection, in a building which is not a premises otherwise defined in these Rules.

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- (7) Rates are based on single family residences or multi-family units and are not applicable to other single family residences or multi-family units. Where two or more residences or multi-family units are served through one street connection the Company may allow service to be taken through one meter if the segregation of plumbing on customer's premises would involve undue expense to the customer, but in this event the unit blocks and minimum bills of rate would be multiplied by such number of residences or units.

PROVIDED: They are located on lots having curb line abutting on that part of a street or public highway in which there is, or is to be, located a distribution main of the Company extending for at least one-half of the frontage of the lot on said street or highway.

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1. RULES AND REGULATIONS GOVERNING RENDERING OF SERVICE:

- (a) The Rules and Regulations in their entirety as hereinafter set forth or as they may hereafter be altered or amended in a regular and legal manner shall govern the rendering of water service and every customer upon signing of an application for water service or upon the taking of water service will be bound thereby.
- (b) Except fire and special temporary services, all service will be rendered on a meter basis. Residential, commercial, industrial and municipal service is only regularly available for single premises as "premises" is defined in these Rules. When the interests of other customers would not be jeopardized or prejudiced, the Company's President or a Vice President may, by writing, authorize service at regular rates to governmental or political corporations, districts, or authorities not qualifying as "premises" under these Rules. In special cases, for good causes shown, the Public Service Commission may permit deviations from this regulation.

2. APPLICATIONS FOR WATER SERVICE

(a) New Street Service Connection

Upon written application by the owner, or his properly authorized agent, on forms furnished by the Company, for the immediate and continuous supply of water to premises having a curb line abutting on that part of a public street or highway in which a distribution main of the Company is located, the Company will install, own and maintain the street service connection to such premises. The company shall determine the size of all street service connections.

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DATE EFFECTIVE April 15, 2009  
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ISSUED BY John Hoy \_\_\_\_\_  
(Signature of Officer)

TITLE Chief Regulatory Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2008-00563 DATED

FOR Middlesboro and Clinton and Adjacent Territory  
Community, Town or City

P.S.C. KY. NO. 3

SHEET NO. 10

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- (b) The Company reserves the right to specify the size of the service connection for each installation. When application for a service connection installation is made, a service connection fee shall be paid according to the following schedule:

Less than 1 inch connection	\$1,434.00
1 inch and greater connection	Actual cost

- (c) Existing Street Service Connection

When any person, firm or corporation, not theretofore taking water service from the Company, applies for water service, the application shall be in writing on forms supplied by the Company. When such application is accepted by the Company, it shall constitute a contract between the applicant and the Company for service at the premises named in the application and at any other premises at which named applicant may be securing service unless a separate application for service to such other premises shall have been accepted by the Company.

Any change in the location of the contracting customer to any other premises will require notification of the Company by the Customer. The obligation of the customer to the

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FOR Middlesboro and Clinton and Adjacent Territory  
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Company under the existing contract will continue in full force and effect at the new location, premises or address.

The Company shall have the right to discontinue the supply of water to any premises if the owner or occupant does not have a contract for such service with the company. Within twenty-four (24) hours after such termination, the Company shall send written notification to the Customer of the reason or reasons for the termination of service.

(d) A customer account set up fee of \$27.00 shall be charged for each new account.

3. USE OF WATER IN ACCORDANCE WITH APPLICATION:

No person or persons, corporation or partnership receiving water service from the Company will be permitted to use water for any other purposes than that for which they shall have contracted to pay as shown by their application, nor shall they supply water in any way to any other party or parties without a written permit from the President or a Vice President of the Company. An accepted application for water service to any premises shall constitute a license to the applicant to take and receive a supply of water for said premises but only for the uses specified in such applications and the supply shall not be used except for the premises specified in the application.

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4. SPECIAL APPLICATIONS FOR WATER SERVICE:

- (a) Water for transient, temporary or special services must be specially applied for.
- (b) Water for building construction purposes, when not furnished on an application for regular metered service, will be supplied under special application.

5. CUSTOMER'S LIABILITY FOR CHARGES:

A customer who has made application for water service to any premises shall be held liable for all water service furnished to such premises. Any customer desiring service terminated or changed from one address to another shall give the Company three (3) working days' notice in person, writing, or by telephone.

6. STREET SERVICE CONNECTIONS:

- (a) The Company will make all connections to its mains and will specify the size, kind and quality of all materials entering into the street service connections.
- (b) The corporation cock, meter box and the street service pipe from the street main to the curb line or meter box shall be furnished and installed by and shall be the property of the Company and under its sole control and jurisdiction.

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- (c) Where a street service connection is already laid to the curb line, or meter box, the Customer shall connect with the street service connection as laid.
- (d) The meter box shall be set in sidewalk or just inside customer's property on a level with the grade of sidewalk or yard and shall be kept accessible at all times.
- (e) The street service connection from the main to and including the meter box will be maintained by the Company at its expense.

7. CUSTOMER'S SERVICE PIPES:

- (a) The company will specify the size, kind and quality of the materials which shall be laid between the curb line and the structure on the premises to be supplied.
- (b) The service pipe from the meter box to the place of consumption shall be furnished and installed by the Customer at his expense and risk.
- (c) The Customer's service pipe and all connections and fixtures attached thereto shall be subject to the inspection and approval of the Company before the water will be turned on.
- (d) The service pipe shall be laid below the frost line at all points and shall be placed on firm continuous earth so as to give unyielding and permanent support, and shall be installed in a trench at least two feet in a horizontal direction from any other trench wherein are laid gas pipe, sewer pipe, or other facilities, public or private, unless specifically authorized and approved by the Company.

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- (e) The customer shall install a stop and waste cock of a type approved by the Company on the service pipe immediately inside the foundation wall of the building supplied, and to be located so as to be easily accessible to the occupants and to provide proper drainage for all of the pipes in the building.
- (f) The Customer shall make all changes in his portion of the service pipe required on account of changes of grade, relocation of mains or other causes.
- (g) No fixtures shall be attached to or any branch made in the service pipe between the meter and the street main.
- (h) Each premises shall be supplied through an independent service pipe from a separate meter box and the applicant for service shall be solely responsible for all water used on and in said premises.
- (i) When more than one premises is supplied through a single service pipe, and violation of the Rules and Regulations of the Company with reference to either or any of the said buildings or premises shall be deemed a violation as to all and the water service shall be discontinued after the customer has been given at least ten (10) days written termination notice and reasonable opportunity allowed for each premises to attach their pipes to separately controlled service connections.
- (j) Any repairs or maintenance necessary on the Customer's service pipe or on any pipe or fixture in or upon the Customer's premises shall be performed by the Customer at his expense and risk.
- (k) In those instances where the Customer requires water pressure which differs from the standard pressure provided by the Company he shall be required to install and maintain at his own expense the necessary equipment to provide the desired pressure.

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Such equipment and the installation thereof to be approved by the Company. In no event, however, shall the pressure at the Customer's service pipe under normal conditions fall below thirty (30) psig nor shall the static pressure exceed 150 psig.

8. PLUMBING WORK MUST BE APPROVED BY COMPANY:

All plumbing work done in connection with the Company's water mains or appurtenances shall be submitted for the inspection of the Company, and no underground work shall be covered up until inspected and approved by the Company. Whenever the Company determines that a job of plumbing is obviously defective, although not in direct violation of these Rules and Regulations, the Company will insist upon its being corrected before the water will be turned on.

9. METERS AND METER INSTALLATIONS:

- (a) The company shall specify the kind and size of meter to be installed.
- (b) Meters will be furnished, installed, and removed by the Company and shall remain its property.
- (c) Each premises shall have a separate meter and the applicant for service shall be solely responsible for all water used on and in said buildings or premises.
- (d) Meters will be maintained by the Company at its expense insofar as ordinary wear is concerned, but damage due to hot weather, freezing (as a result of Customer's unauthorized removal of meter cover) or other external causes arising out of or caused by the Customer's negligence or carelessness shall be paid for by the Customer.

10. METER TESTS AND TEST FEES:

- (a) All meters are accurately tested before installation and are also periodically tested in accordance with the Public Service Commission's regulations. The Company may at any

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time remove any meter for periodic tests or for repairs or replacement and may, at its option and expense, test any meter when the Company has reason to believe that it is registering inaccurately.

(b) The Company shall make a test of the accuracy of any meter upon written request of the Customer, provided the Customer does not request such test more frequently than once in twelve months. For such request test, the fee as estimated herein shall be paid in advance by the complaint but should the said meter be found, upon said test, to be more than two (2) percent incorrect to the prejudice of the Customer, the fee so charged shall be returned to the complaint.

(c) For test of meters made upon request of the Customer and performed by the Company, the following fees shall be paid:

Outlet 1-inch or less	<del>\$15.00</del>	\$20.00
Outlet 2-inches and over 1 -inch		Cost of Test
Outlet 3-inches and over 2-inches		Cost of Test
Outlet 4-inches and over 3-inches		Cost of Test
Outlets greater than 4-inches		Cost of Test

(d) In addition to the request tests of meters performed by the Company, the Customer may, upon formal written application to the Public Service Commission accompanied by

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payment of the fees as set forth, have a test conducted by the Company in the presence of an employee of the Commission, or by an employee of the Commission. Should the meter be found, upon said test, to be more than two (2) percent incorrect to the prejudice of the Customer, the total cost of such test shall be assumed by the Company and the amount of the fee paid shall be returned to the Customer.

- (e) For test of meters made upon complaint of the Customer and performed by the Public Service Commission, the charges therefore shall be in conformity with the rules and charges prescribed by the Commission.

11, 12, & 13. PUBLIC FIRE HYDRANTS (including Private Fire Hydrants) and  
(Fire Hydrants in Unincorporated Areas)

Fire Protection Generally

1. On or after the effective date (June 7, 1992) of administrative regulation 807 KAR 5:066 Section 10(2) fire hydrants may be installed by a Utility only if:
  - a. A Professional engineer with a Kentucky registration has certified that the system can provide a minimum free flow of 250 gallons per minute; and
  - b. The system supporting this flow has the capability of providing this flow for a period of not less than two (2) hours plus consumption at the maximum daily rate.

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2. The location, installation, and the responsibility for maintenance of fire hydrants, public and private fire protection facilities, connecting mains, and their ownership may be subject to negotiation between the Utility and the applicant. Fire hydrants and public and private fire protection facilities shall be installed as required by the Utility and if owned by the Utility shall be subject to any conditions the Public Service Commission may impose, based upon the compensation received for this service.

Fire Departments

Any city, county, urban-county, charter county, fire protection district, or volunteer fire protection district ("User") may withdraw water from the utility's water distribution system for the purpose of fighting fires or training firefighters at no charge on the condition that it maintains estimates of the amount of water used for fire protection and training during the calendar month and reports the amount of this water usage to the utility no later than the 15<sup>th</sup> day of the following calendar month.

Any city, county, urban-county, charter county, fire protection district, or volunteer fire protection district that withdraws water from the utility's water distribution system for fire protection or training purposes and fails to submit the required report on water usage in a timely manner shall be assessed the cost of this water.

A non-reporting user's usage shall be presumed to be 0.3 percent of the utility's total water sales for the calendar month. A non-reporting user may present evidence of its actual usage to rebut the presumed usage. The utility shall consider this evidence and may adjust the presumed usage amount accordingly.

The non-reporting user shall be billed for this usage at the lowest usage block rate regardless of customer classification that the utility charges.

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A. Non-reporting user shall also be assessed a penalty of \$20.00 for each failure to submit a report in a timely manner.

B. 14. DISCONTINUANCE OF WATER SERVICE:

(a) Service rendered under any application, contract or agreement may be discontinued by the Company after proper notification in accordance with 807 KAR 5:006, Section 14 for any of the following reasons:

(1) For willful or indifferent waste of water.

(2) For failure to protect the meter and its connections from injury or damage, or for failure to protect and maintain the service pipe or fixtures on the property of the Customer in a condition satisfactory to the Company.

(b) The water service will be discontinued to any premises on account of temporary vacancy upon request of the Customer, without in any way affecting the agreement in force, after the payment of all charges and fees due as provided for in the rates, rules and regulations of the Company.

(c) Discontinuing the supply of water to any premises for any reason shall prevent the Company from pursuing lawful remedies by action at law or otherwise for the collection of moneys due from the Customer.

(d) Water service may be terminated for non-payment per section 18(d)

15. RENEWAL OF WATER SERVICE AFTER DISCONTINUANCE:

When water service to any premises has been terminated for any reason other than

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temporary vacancy, it will be renewed after the acceptance of a new application and when the conditions, circumstances or practices which caused the water service to be discontinued are corrected to the satisfaction of the Company, and upon the payment of all charges due and payable by the Customer in accordance with the rates, rules and regulations. The Company will then reconnect existing service within twenty-four (24) hours, and shall install and correct new service within seventy-two (72) hours.

16. TURN-ON CHARGE

- (a) When it has been necessary to discontinue water service to any premises because of a violation of the Rules and Regulations or on account of the non-payment of any bill; a charge will be made to cover the expense of turning on water, and this charge together with any arrears that may be due the Company for charges against the Customer must be paid before the water will again be turned on.
- (b) If at the time of such discontinuance of service, the Customer does not have a deposit with the Company, the Company may require a deposit as a guarantee of the payment of future bills before the water will be turned on.

17. BILLS FOR WATER SERVICE:

- (a) Customers are responsible for furnishing the Company with their correct address. Failure to receive bills will not be considered an excuse for non-payment nor permit an extension of the date when the account would be considered delinquent.

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- (b) All bills will be sent to the address entered in the application unless the Company is notified in writing by the Customer of any change of address. The Company may when possible at a future date provide for the option for Customers to have their bills sent by electronic mail upon request, which will replace paper bills, except for purposes of notice of disconnection.
- (c) If requested in writing by the Customer, the Company will send bills to and will receive payments from agents or tenants. However, this accommodation will in no way relieve the Customer of the liability for all water charges. The Company shall notify the Customer of the non-payment of water bills by such agents or tenants pursuant to applicable regulations.
- (d) Payments shall be made at the office of the Company or at such other places conveniently located as may be designated by the Company. The Company may allow payments to be made with cash, check, credit/debit card. Customers who choose to pay by credit/debit card or online shall be charged a per transaction fee plus a fee of a percentage of amount to be paid. The fees shall be based on the bank fees billed to the Company for such payments.
- (e) The company will not be bound by bills rendered under mistake of fact and to the quantity of service rendered.
- (f) The use of water by the same customer in different premises or localities will not be combined, and each installation shall stand by itself.

18. TERMS OF PAYMENT:

- (a) Special charges shall be payable upon demand.

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- (b) Bills for metered service shall be rendered monthly and are due and payable when rendered.
  - (c) Bills for private fire service shall be rendered monthly in advance and are due and payable when rendered.
  - (d) If a bill is not paid within ten days after its due date, the Company may discontinue the water service. The Company will give at least five (5) days notice before termination for nonpayment and that service will not be terminated before 20 days after the mailing date of the original bill.
  - (e) If a customer has two returned checks for non-sufficient funds, all subsequent bills must be paid in cash for a period of six months or until the credit score is returned to an acceptable level, whichever comes first..
19. (a) There shall be no abatement of the minimum rates due to the extended absence of the Customer without proper notice having been given to the Company. No abatement shall be made for leaks or for water wasted by improper or damaged service pipes or fixtures belonging to the Customer.
- (b) If test results on a Customer's meter show an average error greater than two percent (2%) fast or slow, or if a Customer has been incorrectly billed for any other reason, except in an instance where a Company has filed a verified complaint with the appropriate law enforcement agency alleging fraud or theft by a Customer, the Company shall immediately determine the period during which the error has existed, and shall recompute and adjust the Customer's bill to either provide a refund to the Customer or collect an additional amount of revenue from the underbilled Customer. The account adjustment shall be performed according to 807 KAR 5:006 Section 10(2) with corrected billing or refund as directed therein.

20. BOILER AND ENGINE WATER SUPPLY:

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The Company does not guarantee a sufficient or uniform pressure, or an uninterrupted supply of water, and Customers are cautioned to provide a sufficient storage of water where an absolutely uninterrupted supply must be assured; such as for steam boilers, hot water systems, gas engines, etc.

21. INTERRUPTIONS IN WATER SUPPLY:

The Company may at any time shut off the water in the mains in case of accident, or for the purpose of making connections, alterations, repairs, changes, or for other reasons, and may restrict the use of water to reserve a sufficient supply for the public fire service or other emergencies whenever the public welfare may require it.

22. LIABILITY OF COMPANY:

(a) The company will undertake to use reasonable care and diligence in order to prevent and avoid interruptions and fluctuations in the service, but it cannot and does not guarantee that such will not occur.

(b) The Company shall in no event be liable for any damage or inconvenience caused by reason of any break, leak or defect in the Customer's service pipe or fixtures.

23. CROSS CONNECTIONS AND INTERCONNECTIONS:

(a) A cross-connection is any pipe, valve, or other arrangement or device connecting the pipelines of the Company or facilities directly or indirectly connected therewith to and with pipes of fixtures supplied with water from any source other than the lines of the

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Company directly connected.

- (b) An interconnection is a plumbing arrangement, other than a cross-connection, by which continuation might be admitted or drawn into the distribution system of the Company, or into lines connected therewith, used for the conveyance of potable water.
- (c) No cross-connection or interconnection will be made by Customer without the approval of the State Health Department and the Company.
- (d) The Company shall require the use of an approved protective device on the service line serving the premises to assure that any contamination that may originate in the customer's premises is contained therein. The methods of installation of backflow protective devices shall be approved by the Company. Any and all cost incurred with the installation and maintenance of cross-connection control devices and appurtenances shall be borne by the customer

24. GENERAL

- (a) The service pipes, meters and fixtures on the Customer's premises shall at all reasonable hours be accessible to the Company for observation or inspection.
- (b) No person shall turn the water on or off at any street valve, corporation cock, meter or other street connections, or disconnect or remove any meter without the consent of the Company. Penalties provided by law for any such action will by rigidly enforced.
- (c) Employees or agents of the Company are expressly forbidden to demand or accept any compensation for and service rendered to its Customers except as covered in these Rates, Rules and Regulations.

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- (d) No employee or agent of the Company shall have the right or authority to bind it by any promise, agreement or representation contrary to the letter or intent of these Rules and Regulations.
- (e) Any complaint against the service or employees of the Company should be made at the office of the Company and preferably in writing. If a complaint either written, in person or by telephone is not resolved, the Company shall advise the complainant of his right to file a complaint with the Public Service Commission and provide him/her with their address and telephone number.

25. APPROVAL OF THE RULES AND REGULATIONS:

All Rules and Regulations of the Company are subject to the approval of the Public Service Commission of the State of Kentucky and if any part thereof should be adjudged to be in violation of any rule or order made by the Commission, then that particular part shall be ineffective but without in any way affecting the other portions thereof.

26. MAIN EXTENSIONS:

- (a) The company will extend existing distribution mains a distance of fifty (50) feet for each bona fide prospective customer, making application for service connection and water service therefrom for a period of one year or more under these Rules and Regulations. Such extensions will be made without cost to such customer(s).
- (b) When an extension greater than fifty (50) feet in length for each bona fide prospective

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DATE OF ISSUE March 5, 2009  
Month / Date / Year

DATE EFFECTIVE April 15, 2009  
Month / Date / Year

ISSUED BY John Hoy \_\_\_\_\_  
(Signature of Officer)

TITLE Chief Regulatory Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2008-00563 DATED

FOR Middlesboro and Clinton and Adjacent Territory  
Community, Town or City

P.S.C. KY. NO. 3

SHEET NO. 26

Water Service Corporation of Kentucky  
(Name of Utility)

CANCELLING P.S.C. KY. NO. 2 (in its entirety)

---

CONTENTS

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customer is required or requested such extension will be made under the terms of an "Extension Deposit Agreement" as hereinafter set forth. The Company shall have the exclusive right to determine the type and size of mains to be installed and of the related facilities required to render adequate service.

- (c) In determining the length of any extension required pursuant hereto the terminal point of such extension shall, in all cases, be at that point in the curb line of the last lot on which is located a premises to be served which is equidistant from the side property lines of said lot.
- (d) Before water lines are laid in new subdivisions, the subdivider shall furnish the Water Company with a plat (or plan) or the subdivision approved by the City-County Planning and Zoning Commission, and the plat (or plan) shall have been recorded in the County Court.

27. FORM OF EXTENSION AGREEMENT:

~~THIS CONTRACT made and entered into this the \_\_\_\_\_ day of \_\_\_\_\_  
by and between Water Service Corporation of Kentucky, hereinafter referred to as the Company  
and \_\_\_\_\_, hereinafter referred to as the  
Customer.~~

~~WITNESSETH~~

~~WHEREAS, Customer desires water service be made available to  
\_\_\_\_\_ which is located on the~~

DATE OF ISSUE March 5, 2009  
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DATE EFFECTIVE April 15, 2009  
Month / Date / Year

ISSUED BY John Hoy \_\_\_\_\_  
(Signature of Officer)

TITLE Chief Regulatory Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2008-00563 DATED



FOR Middlesboro and Clinton and Adjacent Territory  
Community, Town or City

P.S.C. KY. NO. 3

SHEET NO. 27

Water Service Corporation of Kentucky  
(Name of Utility)

CANCELLING P.S.C. KY. NO. 2 (in its entirety)

---

CONTENTS

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\_\_\_\_\_ as shown on the attached print and marked Exhibit A,  
and

WHEREAS, the Company is willing to make this water main extension from their existing main located on the \_\_\_\_\_, as shown on the attached Exhibit A.

NOW, therefore for and in consideration of the above premises the mutual agreement and benefits herein contained, parties hereto agree as follows: \_\_\_\_\_

1. \_\_\_\_\_ The Company agrees that it will secure the necessary material and install the main extensions hereinafter described and shown on the attached print and marked Exhibit A. \_\_\_\_\_

2. \_\_\_\_\_ The amount and size of pipe and fittings required are as follows: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

3. \_\_\_\_\_ It is further agreed that for each customer connected to this main extension the Company \_\_\_\_\_ will refund to the Customer a sum equivalent to the cost of 50' of this extension, or \_\_\_\_\_ per customer connected to said

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DATE OF ISSUE March 5, 2009  
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DATE EFFECTIVE April 15, 2009  
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ISSUED BY John Hoy \_\_\_\_\_  
(Signature of Officer)

TITLE Chief Regulatory Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2008-00563 DATED

FOR Middlesboro and Clinton and Adjacent Territory  
Community, Town or City

P.S.C. KY. NO. 3

SHEET NO. 28

Water Service Corporation of Kentucky  
(Name of Utility)

CANCELLING P.S.C. KY. NO. 2 (in its entirety)

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CONTENTS

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~~extension.~~

---

~~4. This contract applies only to customers connected to above size pipe, and shown on attached plan, Exhibit A.~~

---

~~5. Such refund to Customer shall be made in December of each year for water customers connected to this water main extension, but in no event shall the refund be extended beyond ten (10) years from the date of this contract, and in the event that the total amount deposited by the Customer with Company is not refunded under the terms specified hereinbefore within said ten (10) years period the Company shall not be required to pay or refund the difference between the total amount of refund and the total amount deposited by Customer, any balance remaining in its hands shall belong to the Company.~~

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~~6. The Company shall not be required to pay interest on the deposit or any part of unpaid balance thereof.~~

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DATE OF ISSUE March 5, 2009  
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ISSUED BY John Hoy  
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TITLE Chief Regulatory Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2008-00563 DATED

FOR Middlesboro and Clinton and Adjacent Territory  
Community, Town or City

P.S.C. KY. NO. 3

SHEET NO. 29

Water Service Corporation of Kentucky  
(Name of Utility)

CANCELLING P.S.C. KY. NO. 2 (in its entirety)

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CONTENTS

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~~7. Nothing in this agreement shall give the Customer any right, title or interest in the ownership or operation of this water main extension or facilities to be installed by Company, as herein provided.~~

---

~~IN WITNESS WHEREOF the parties hereto have executed this agreement this day and year written above.~~

---

~~WITNESS: WATER SERVICE CORPORATION~~  
~~OF KENTUCKY~~

---

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~~WITNESS: CUSTOMER~~

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DATE OF ISSUE March 5, 2009  
Month / Date / Year

DATE EFFECTIVE April 15, 2009  
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ISSUED BY John Hoy  
(Signature of Officer)

TITLE Chief Regulatory Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2008-00563 DATED

FOR Middlesboro and Clinton and Adjacent Territory  
Community, Town or City

P.S.C. KY. NO. 3

SHEET NO. 30

Water Service Corporation of Kentucky  
(Name of Utility)

CANCELLING P.S.C. KY. NO. 2 (in its entirety)

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CONTENTS

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**Water Service Corp. of Kentucky  
Extension Deposit Agreement  
Developer Extension**

This Contract made and entered into this the \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_ by and between Water Service Corporation of Kentucky, referred to as the Company, and \_\_\_\_\_ referred to as the Customer.

Whereas, Customer desires water service to be made available to \_\_\_\_\_, which is located as shown on the attached plat, and which has been approved by all local, state or other regulatory, planning and zoning, or other governmental agencies prior to submission to the Company and,

Whereas, Company is willing to allow Customer to construct and install this water main extension from its existing main located on \_\_\_\_\_ as shown on the attached map or plat,

NOW, THEREFORE, the Company and Customer mutually agree:

Prior to construction, Customer shall provide Company with the engineering plans and specifications for the proposed main extension. All plans and specifications must conform to the Company's tariffs and any other requirements of applicable regulatory agencies. The Company shall have the exclusive right to determine the feasibility of the extension, the type, location and size of mains to be installed and any related facilities or modifications to existing facilities necessary to render adequate service consistent with its tariffs and Public Service Commission regulations.

The Customer shall reimburse Company all expenses incurred in the review of the proposed plans prior to beginning construction. The estimated cost of this review is \$ \_\_\_\_\_.

The Customer, after approval by the Company of the plans, shall install at its cost all facilities necessary for the extension of service to the designated development.

---

DATE OF ISSUE March 5, 2009  
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ISSUED BY John Hoy \_\_\_\_\_  
(Signature of Officer)

TITLE Chief Regulatory Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2008-00563 DATED

FOR Middlesboro and Clinton and Adjacent Territory  
Community, Town or City

P.S.C. KY. NO. 3

SHEET NO. 31

Water Service Corporation of Kentucky  
(Name of Utility)

CANCELLING P.S.C. KY. NO. 2 (in its entirety)

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CONTENTS

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The Company shall have the right to inspect the installation of the facilities and the materials at all times during construction. No facilities shall be covered or backfilled until approved by the Company.

If the Customer fails to complete the project or fails to complete the project according to the approved plans, the Company may complete the project or correct any deficiencies in workmanship or materials. The Company shall give Customer sixty (60) days notice to correct any deficiencies. The Customer shall be liable for any costs incurred by the Company for completion of such work.

The final project cost for the extension shall be the actual invoiced cost of materials, equipment, labor and other associated costs. Final documentation of the total project costs shall be presented to the Company within ninety (90) days of completion of the construction, along with "as built" plans of the construction certified by the Customer's engineer that all construction was performed as required by the plans and specifications. Upon receipt of the final project costs from the Customer, the Company shall review those costs and once accepted shall approve the project costs as the amount to be refunded as specified below.

No later than the time of completion of the construction, the Customer shall provide Company an easement sufficient to install, repair or construct facilities and to distribute water to the customers connected to the main extension. The grant of easement may be included in the recorded plat. The Customer shall also provide written notification to the Company of the contribution and dedication of the facilities to the Company for use in providing water service.

For each customer connected to this main extension, the Company will refund to Customer a sum equivalent to fifty (50) feet of the final project cost of this extension. Total refunds shall not exceed the final project cost. This refund applies only to customers connected to the water main shown on the attached plat.

Refunds to the Customer shall be made in December of each year for those customers connected to this water main extension. It shall be the Customer's responsibility to notify the Company no later than November 1 of each year of the names and addresses of the customers connected to the extension in that year. In no event shall the refund be extended beyond ten (10) years from the date of this contract. The Company shall not be required to refund a sum greater than the final project cost.

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DATE OF ISSUE March 5, 2009  
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DATE EFFECTIVE April 15, 2009  
Month / Date / Year

ISSUED BY John Hoy \_\_\_\_\_  
(Signature of Officer)

TITLE Chief Regulatory Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2008-00563 DATED

FOR Middlesboro and Clinton and Adjacent Territory  
Community, Town or City

P.S.C. KY. NO. 3

SHEET NO. 32

Water Service Corporation of Kentucky  
(Name of Utility)

CANCELLING P.S.C. KY. NO. 2 (in its entirety)

---

CONTENTS

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Nothing in this agreement shall give any right, title or interest in the ownership or operation of this water main extension or facilities installed by the Company.

IN WITNESS WHEREOF, the parties have executed this agreement.

WATER SERVICE CORPORATION OF KENTUCKY

BY: \_\_\_\_\_ WITNESS: \_\_\_\_\_

CUSTOMER

BY: \_\_\_\_\_ WITNESS: \_\_\_\_\_

COMMONWEALTH OF KENTUCKY

COUNTY OF: \_\_\_\_\_

The foregoing instrument was signed before me by \_\_\_\_\_ and \_\_\_\_\_ after each was sworn and each acknowledged the signature to be his free act and in accord with law.

---

DATE OF ISSUE March 5, 2009  
Month / Date / Year

DATE EFFECTIVE April 15, 2009  
Month / Date / Year

ISSUED BY John Hoy \_\_\_\_\_  
(Signature of Officer)

TITLE Chief Regulatory Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2008-00563 DATED

FOR Middlesboro and Clinton and Adjacent Territory  
Community, Town or City

P.S.C. KY. NO. 3

SHEET NO. 33

Water Service Corporation of Kentucky  
(Name of Utility)

CANCELLING P.S.C. KY. NO. 2 (in its entirety)

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CONTENTS

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Notary Public

My commission expires: \_\_\_\_\_

**Water Service Corp. of Kentucky**  
**Extension Deposit Agreement**  
**Developer Extension**

This Contract made and entered into this the \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_ by and between Water Service Corporation of Kentucky, referred to as the Company, and \_\_\_\_\_ referred to as the Customer.

Whereas, Customer desires water service to be made available to \_\_\_\_\_, which is located as shown on the attached plat, and which has been approved by all local, state or other regulatory, planning and zoning, or other governmental agencies prior to submission to the Company and,

Whereas, Company is willing to allow Customer to construct and install this water main extension from its existing main located on \_\_\_\_\_ as shown on the attached map or plat,

NOW, THEREFORE, the Company and Customer mutually agree:

Prior to construction, Customer shall provide Company with the engineering plans and specifications for the proposed main extension. All plans and specifications must conform to the Company's tariffs and any other requirements of applicable regulatory agencies. The Company shall have the exclusive right to determine the feasibility of the extension, the type, location and size of mains to be installed and any related facilities or modifications to existing facilities necessary to render adequate service consistent with its tariffs and Public Service Commission regulations.

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DATE OF ISSUE March 5, 2009  
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DATE EFFECTIVE April 15, 2009  
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ISSUED BY John Hoy \_\_\_\_\_  
(Signature of Officer)

TITLE Chief Regulatory Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2008-00563 DATED

FOR Middlesboro and Clinton and Adjacent Territory  
Community, Town or City

P.S.C. KY. NO. 3

SHEET NO. 34

Water Service Corporation of Kentucky  
(Name of Utility)

CANCELLING P.S.C. KY. NO. 2 (in its entirety)

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CONTENTS

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The Customer shall reimburse Company all expenses incurred in the review of the proposed plans prior to beginning construction. The estimated cost of this review is \$ \_\_\_\_\_.

The Customer, after approval by the Company of the plans, shall install at its cost all facilities necessary for the extension of service to the designated development.

The Company shall have the right to inspect the installation of the facilities and the materials at all times during construction. No facilities shall be covered or backfilled until approved by the Company.

If the Customer fails to complete the project or fails to complete the project according to the approved plans, the Company may complete the project or correct any deficiencies in workmanship or materials. The Company shall give Customer sixty (60) days notice to correct any deficiencies. The Customer shall be liable for any costs incurred by the Company for completion of such work.

The final project cost for the extension shall be the actual invoiced cost of materials, equipment, labor and other associated costs. Final documentation of the total project costs shall be presented to the Company within ninety (90) days of completion of the construction, along with "as built" plans of the construction certified by the Customer's engineer that all construction was performed as required by the plans and specifications. Upon receipt of the final project costs from the Customer, the Company shall review those costs and once accepted shall approve the project costs as the amount to be refunded as specified below.

No later than at the time of completion of the construction, the Customer shall provide Company an easement sufficient to install, repair or construct facilities and to distribute water to the customers connected to the main extension. The grant of easement may be included in the recorded plat. The Customer shall also provide written notification to the Company of the contribution and dedication of the facilities to the Company for use in providing water service.

For each customer connected to this main extension, the Company will refund to Customer a sum equivalent to fifty (50) feet of the final project cost of this extension. Total refunds shall not exceed the final project cost. This refund applies only to customers connected to the water main shown on the attached plat.

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DATE OF ISSUE March 5, 2009  
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DATE EFFECTIVE April 15, 2009  
Month / Date / Year

ISSUED BY John Hoy \_\_\_\_\_  
(Signature of Officer)

TITLE Chief Regulatory Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2008-00563 DATED



FOR Middlesboro and Clinton and Adjacent Territory  
Community, Town or City

P.S.C. KY. NO. 3

SHEET NO. 35

Water Service Corporation of Kentucky  
(Name of Utility)

CANCELLING P.S.C. KY. NO. 2 (in its entirety)

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CONTENTS

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Refunds to the Customer shall be made in December of each year for those customers connected to this water main extension. It shall be the Customer's responsibility to notify the Company no later than November 1 of each year of the names and addresses of the customers connected to the extension in that year. In no event shall the refund be extended beyond ten (10) years from the date of this contract. The Company shall not be required to refund a sum greater than the final project cost.

Nothing in this agreement shall give any right, title or interest in the ownership or operation of this water main extension or facilities installed by the Company.

IN WITNESS WHEREOF, the parties have executed this agreement.

WATER SERVICE CORPORATION OF KENTUCKY

BY: \_\_\_\_\_

WITNESS: \_\_\_\_\_

CUSTOMER

BY: \_\_\_\_\_

WITNESS: \_\_\_\_\_

COMMONWEALTH OF KENTUCKY

COUNTY OF: \_\_\_\_\_

---

DATE OF ISSUE

March 5, 2009  
Month / Date / Year

DATE EFFECTIVE

April 15, 2009  
Month / Date / Year

ISSUED BY

John Hoy \_\_\_\_\_  
(Signature of Officer)

TITLE

Chief Regulatory Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2008-00563 DATED

FOR Middlesboro and Clinton and Adjacent Territory  
Community, Town or City

P.S.C. KY. NO. 3

SHEET NO. 36

Water Service Corporation of Kentucky  
(Name of Utility)

CANCELLING P.S.C. KY. NO. 2 (in its entirety)

---

CONTENTS

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The foregoing instrument was signed before me by \_\_\_\_\_ and \_\_\_\_\_ after each was sworn and each acknowledged the signature to be his free act and in accord with law.

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_

28. SERVICE CHARGE:

The following charges will be made by the Company to cover the cost incurred in reconnecting the meter or service when the Customer's service has been disconnected:

- (a) For non-payment of bills . . . . . ~~\$20.00~~ \$27.00
- (b) For violation of the Company's Rules and Regulations after the Customer has qualified for and requested that the service be reconnected . . . . . ~~20.00~~ \$27.00
- (c) At his request and at any time subsequently within 12 months is reconnected at the same location . . . . . ~~\$20.00~~ \$27.00

These charges are to be paid by customer before or at the time service is reconnected.

29. CUSTOMER'S DEPOSITS:

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DATE OF ISSUE March 5, 2009  
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DATE EFFECTIVE April 15, 2009  
Month / Date / Year

ISSUED BY John Hoy \_\_\_\_\_  
(Signature of Officer)

TITLE Chief Regulatory Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2008-00563 DATED

FOR Middlesboro and Clinton and Adjacent Territory  
Community, Town or City

P.S.C. KY. NO. 3

SHEET NO. 37

Water Service Corporation of Kentucky  
(Name of Utility)

CANCELLING P.S.C. KY. NO. 2 (in its entirety)

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CONTENTS

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The Company may require a minimum cash deposit other guarantee to secure payment of bills. Service may be refused or discontinued for failure to pay the requested deposit. Interest, as prescribed by KRS 278.4601, will be paid annually either by refund or credit to the Customer's bill, except that no refund or credit will be made if the Customer's bill is delinquent on the anniversary date of the deposit.

The deposit may be waived upon a Customer's showing of satisfactory credit or payment history, and required deposits will be returned after one (1) year if the Customer has established a satisfactory payment record for that period. If a deposit has been waived or returned and the customer fails to maintain a satisfactory payment record, a deposit may then be required. The Company may require a deposit in addition to the initial deposit if the Customer's classification of service changes or if there is a substantial change in usage. Upon termination of service, the deposit, any principal amounts, and any interest earned and owing will be credited to the final bill with any remainder refunded to the Customer.

In determining whether a deposit will be required or waived, the following criteria will be considered:

1. Previous payment history with the Company. If the Company has no previous history with the Company, statements from other utilities, banks, etc. may be presented by the Customer as evidence of good credit.
2. Whether the Customer has an established income or line or credit.
3. Length of time the Customer has resided or been located in the area.
4. Whether the customer owns property in the area.
5. Whether the customer has filed bankruptcy proceedings within the last seven years.
6. Whether another customer with a good payment history is willing to sign as a guarantor for an amount equal to the required deposit.

If a deposit is held longer than 18 months, the deposit will be recalculated at the Customer's request based on the Customer's actual usage. If the deposit on account differs from the

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ISSUED BY John Hoy \_\_\_\_\_  
(Signature of Officer)

TITLE Chief Regulatory Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2008-00563 DATED

FOR Middlesboro and Clinton and Adjacent Territory  
Community, Town or City

P.S.C. KY. NO. 3

SHEET NO. 38

Water Service Corporation of Kentucky  
(Name of Utility)

CANCELLING P.S.C. KY. NO. 2 (in its entirety)

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recalculated amount by more than \$10.00 for a residential customer or 10 percent for a non-residential customer, the Company may collect any underpayment and shall refund any overpayment by check or credit to the Customer's bill. No refund will be made if the Customer's bill is delinquent at the time of the recalculation.

Equal Deposits

~~All residential, small business and small commercial customers will pay equal deposits in the amount of \$40.00. This amount does not exceed the average bill of residential customers served by the Company and is equal to 2/12 of the average annual bill. (3/12 where bills are rendered bimonthly or 4/12 where bills are rendered quarterly.)~~

Calculated Deposits

~~Large Business/Commercial or Industrial Customer's deposits shall be based upon actual usage of the Customer at the same or similar premises for the most recent 12-month period, if such information is available. If usage information is not available, the deposit will be based on the average bills of similar Customers and premises in the system. The deposit amount shall not exceed 2/12 of the Customer's actual or estimated annual bill where bills are rendered monthly, 3/12 where bills are rendered bimonthly, or 4/12 where bills are rendered quarterly.~~

30. CUSTOMER BILL OF RIGHTS

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DATE OF ISSUE March 5, 2009  
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DATE EFFECTIVE April 15, 2009  
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ISSUED BY John Hoy \_\_\_\_\_  
(Signature of Officer)

TITLE Chief Regulatory Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2008-00563 DATED

FOR Middlesboro and Clinton and Adjacent Territory  
Community, Town or City

P.S.C. KY. NO. 3

SHEET NO. 39

Water Service Corporation of Kentucky  
(Name of Utility)

CANCELLING P.S.C. KY. NO. 2 (in its entirety)

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CONTENTS

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As a residential Customer of a regulated public utility in Kentucky, you are guaranteed the following rights subject to Kentucky Revised Statutes and the provisions of the Kentucky Public Service Commission Administration Regulations:

- You have the right to service, provided you (or a member of your household whose debt was accumulated at your address) are not indebted to the utility.
- You have the right to inspect and review the utility's rates and tariffed operating procedures during the utility's normal office hours.
- You have the right to be present at any routine utility inspection of your service condition.
- You must be provided a separate, distinct disconnect notice alerting you to a possible disconnection of your service if payment is not received.
- You have the right to dispute the reasons for any announced termination of your service.
- You have the right to negotiate a partial payment plan when your service is threatened by disconnection for non-payment.

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ISSUED BY John Hoy \_\_\_\_\_  
(Signature of Officer)

TITLE Chief Regulatory Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2008-00563 DATED

FOR Middlesboro and Clinton and Adjacent Territory  
Community, Town or City

P.S.C. KY. NO. 3

SHEET NO. 40

Water Service Corporation of Kentucky  
(Name of Utility)

CANCELLING P.S.C. KY. NO. 2 (in its entirety)

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CONTENTS

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- You have the right to maintain your utility service for up to thirty (30) days upon presentation of a medical certificate issued by a health official.
- You have the right to prompt (within 24 hours) restoration of your service when the cause for discontinuance of the service has been corrected.
- You have the right to contact the Public Service Commission regarding any dispute that you have been unable to resolve with your utility (Call Toll Free 1-800-772-4636.)

CONTRACT FOR WATER SERVICE

DATE \_\_\_\_\_

NAME \_\_\_\_\_ ADDRESS \_\_\_\_\_

PHONE \_\_\_\_\_

SOCIAL SECURITY OR OTHER I.D. NO. \_\_\_\_\_

Application for water service is accepted by and between the undersigned and the \_\_\_\_\_ with the following stipulations and agreements:

1. Public Service Commission rules and regulations as set forth in 807 KAR 5 and Kentucky Department for Natural Resources, Division of Water standards and laws must be observed and adhered to, and may be viewed upon request by the applicant.

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DATE OF ISSUE March 5, 2009  
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ISSUED BY John Hoy \_\_\_\_\_  
(Signature of Officer)

TITLE Chief Regulatory Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2008-00563 DATED

FOR Middlesboro and Clinton and Adjacent Territory  
Community, Town or City

P.S.C. KY. NO. 3

SHEET NO. 41

Water Service Corporation of Kentucky  
(Name of Utility)

CANCELLING P.S.C. KY. NO. 2 (in its entirety)

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CONTENTS

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2. The applicant agrees to pay a \$ \_\_\_\_\_ meter deposit, which will be refunded with interest when the applicant ceases to be a water customer and all accounts are paid in full.
3. One household may be served by one meter. The company reserves the right to terminate service at the meter if addition of other houses or mobile homes is suspected.
4. Company employees, possessing proper identification have right of egress and ingress for meter reading, maintenance and repair activities as they are warranted.
5. Water bills are due to be paid between the first and the tenth of each month at the Company office. If not paid by the tenth, a ten percent penalty is added to the amount due. If not paid in full by the twentieth, service is subject to disconnection. An additional meter deposit may be required and a service charge must be paid before service may be restored.
6. The water customer is responsible for water service lines from the meter to the dwelling. Installation, repair, and water loss are the responsibility of the Customer.
7. Customer service lines and connections must be inspected by Company personnel to insure against cross-connections and inadequate materials for drinking water.
8. Customer service lines shall be of at least ¾ inch pipe or larger, and shall be at least 160 pounds pressure with 200 psi preferred. Service line shall be buried at least 24 inches to prevent freezing.
9. No galvanized fittings may be used on Customer lines.
10. A cut-off valve outside the meter box must be installed on the Customer's service line for the Customer's use.
11. A check valve to prevent back flow in case of water outage must be installed in Customer's service line.
12. A plumbing inspection permit from the local Health Department must be shown before installation of a meter.

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DATE OF ISSUE March 5, 2009  
Month / Date / Year

DATE EFFECTIVE April 15, 2009  
Month / Date / Year

ISSUED BY John Hoy \_\_\_\_\_  
(Signature of Officer)

TITLE Chief Regulatory Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2008-00563 DATED

FOR Middlesboro and Clinton and Adjacent Territory  
Community, Town or City

P.S.C. KY. NO. 3

SHEET NO. 42

Water Service Corporation of Kentucky  
(Name of Utility)

CANCELLING P.S.C. KY. NO. 2 (in its entirety)

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CONTENTS

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13. The company agrees to supply potable water with adequate pressure to the Customer meter. If water must be off for a planned outage Customers will be notified. In case of emergency water line repair or unforeseen water outage, the Company will restore service as soon as possible.
14. Upon fulfilling contract terms and desiring to discontinue water service, the Customer must give written notice in person or via telephone pursuant to 807 KAR 5:006 Section 12(1) of discontinuance at the Company office at least three days prior to the date on which disconnection is desired. If such notice is not given, the customer will remain liable for water used and service rendered to the premises by the Company until said notice is received by the Company office.

CONTRACT APPROVED BY:

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Applicant/Customer

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Company Representative

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DATE OF ISSUE March 5, 2009  
Month / Date / Year

DATE EFFECTIVE April 15, 2009  
Month / Date / Year

ISSUED BY John Hoy \_\_\_\_\_  
(Signature of Officer)

TITLE Chief Regulatory Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2008-00563 DATED



FOR Middlesboro and Clinton and Adjacent Territory  
Community, Town or City

P.S.C. KY. NO. 3

SHEET NO. 43

Water Service Corporation of Kentucky  
(Name of Utility)

CANCELLING P.S.C. KY. NO. 2 (in its entirety)

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CUSTOMER BILL FORM (All Customers)

See Attached

MONITORING OF CUSTOMER USAGE

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DATE OF ISSUE March 5, 2009  
Month / Date / Year

DATE EFFECTIVE April 15, 2009  
Month / Date / Year

ISSUED BY John Hoy \_\_\_\_\_  
(Signature of Officer)

TITLE Chief Regulatory Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2008-00563 DATED

*Utilities, Inc.*

Water Service Corp of Kentucky  
 Phone (606) 248-5730  
 Collections: (606) 248-5730  
 Customer Service: (606) 248-5730  
 www.uiwater.com

Bill Date	Account Number	Due Date	Please Pay
11/17/2008	6343110000	12/15/2008	\$ 17.00

Name [REDACTED] Primary Telephone # (606) [REDACTED]  
 Service Address [REDACTED] MIDDLESBORO, KY 40965

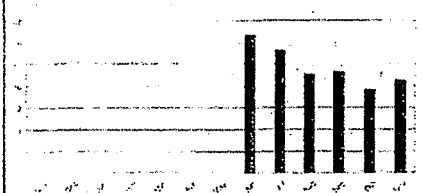
**Activity Since Last Bill**

Previous Balance	\$15.32	
Payments received as of 11/17/2008	\$-15.32	
Balance as of 11/17/2008		\$0.00
<b>Residential Water Service</b>		
1,000 gallons at \$6.74 per 1,000 gallons	\$6.74	
Next 3,600 gallons at \$2.71 per 1,000 gallons	\$9.76	
City School Tax at 3%	\$0.50	
Total Residential Water Service		\$17.00
<b>Total Amount Due</b>		<b>\$17.00</b>

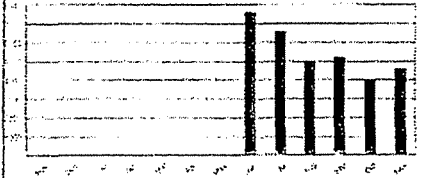
**Summary of Service**

Meter Reading	Meter #	43497
Current	150000	11/13/2008
Previous	145400	10/15/2008
Usage	4,600 Gallons	
Number of Days:	29	
Average Daily Use:	159 Gallons	
Average Daily Cost:	\$ 0.59	

**Billing History**



**Consumption History**



The payment for this bill is due upon receipt.  
 Make check payable to: Water Service Corp of Kentucky

Messages

*Utilities, Inc.*

2335 Sanders Road  
 Northbrook, IL 60062

[REDACTED]  
 PO BOX [REDACTED]  
 MIDDLESBORO KY 40965



Account Number: 6343110000

Due Date: 12/15/2008  
 Please Pay \$ 17.00  
 Amount Paid  
**PUBLIC SERVICE COMMISSION**  
**OF KENTUCKY**  
 EFFECTIVE  
 6/16/2008

PURSUANT TO 807 KAR 5:011

Water Service Corp of Kentucky

PO BOX 24

Charlotte, N

By [Signature]

Executive Director

FOR Middlesboro and Clinton and Adjacent Territory  
Community, Town or City

P.S.C. KY. NO. 3

SHEET NO. 44

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(Name of Utility)

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At least once annually the Company will monitor the usage of each Customer according to the following procedure:

- (1) The Customer's annual usage for the most recent 12-month period will be compared with the annual usage for the 12 months immediately preceding that period.
- (2) If the annual usage for the two periods are substantially are same or if any difference is known to be attributed to unique circumstances, such as unusual weather conditions, common to all Customers, no further review will be done.
- (3) If the annual usages differ by twenty (20) percent or more and cannot be attributed to a readily identified common cause, the Company will compare the Customer's monthly usage records for the 12-month period with the monthly usage for the same months of the preceding year.
- (4) If the cause for the usage deviation cannot be determined from analysis of the Customer's meter reading and billing records, the Company will contact the Customer by telephone or in writing to determine whether there have been changes such as different number of household members or work staff, additional or different appliances, changes in business volume, or known leaks in the Customer's service line.
- (5) Where the deviation is not otherwise explained, the Company will test the Customer's meter to determine whether it shows an average error greater than 2 percent fast or slow.
- (6) The Company will notify the Customers of the investigation, its findings, and any refunds or back billing in accordance with 807 KAR 5:006, Section 10(4) and (5).

In addition the annual monitoring, the Company will immediately investigate usage

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Water Service Corporation of Kentucky  
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deviations brought to its attention as a result of its on-going meter reading or billing process or customer inquiry.

SCHEDULE OF SPECIAL SERVICE CHARGES

The following charges for special services shall be made:

1. Service Reconnection Charge. A charge of ~~\$20.00~~ \$27.00 shall be made for all service reconnections made during regular working hours, except that there shall be no connection charges made for service on the original installation of facilities.
2. Meter Reading Recheck Charge. A charge of ~~\$20.00~~ \$27.00 shall be made for a trip to recheck a meter reading when the Customer requests the meter to be rechecked for a correct reading and meter was not misread.
3. Non Sufficient Funds Charge: Any check returned for NSF shall incur a charge of \$15.00
4. Tampering Fee: Applies when it is deemed a customer willfully took action to interfere, alter or compromise the accuracy, registration or indication of a service meter or service facility or willfully caused damage to such a device of facility to obtain illicit service. \$27.00
5. Meter Test. Upon request and payment of ~~\$15.00~~ \$20.00 the Customer may have his meter tested provided request by the Customer is not more frequent than once each twelve months. If such test shows the meter to be more than two percent fast, a refund of \$15.00 charge shall be made and bill adjusted accordingly. If the periodic testing requirement of 807 KAR 5:006 has not been met for the meter tested, no charge will be made for the test regardless of results of the test.

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4. PSC Meter Test Complaint. Any Customer of the Company may request a meter test by written application to the Kentucky Public Service Commission.

RATES

The following rates and charges are prescribed for the customers in the area served by Water Service Corporation of Kentucky. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Water Rates

Middlesboro

Consumption

<i>First</i>	<i>1,000 gallons</i>	<i>\$10.16</i>	<i>Minimum bill (I)</i>
<i>Next</i>	<i>9,000 gallons</i>	<i>4.09</i>	<i>per 1,000 gallons (I)</i>
<i>Next</i>	<i>15,000 gallons</i>	<i>3.72</i>	<i>per 1,000 gallons (I)</i>
<i>Next</i>	<i>25,000 gallons</i>	<i>3.54</i>	<i>per 1,000 gallons (I)</i>
<i>Next</i>	<i>50,000 gallons</i>	<i>3.17</i>	<i>per 1,000 gallons (I)</i>
<i>All Over</i>	<i>100,000 gallons</i>	<i>2.90</i>	<i>per 1,000 gallons (I)</i>

Minimum Monthly Charge

<i>5/8" or 3/4" meter</i>	<i>10.16</i>	<i>1,000 gallons (I)</i>
<i>1" meter</i>	<i>30.60</i>	<i>6,000 gallons (I)</i>
<i>1 1/2" meter</i>	<i>58.12</i>	<i>13,000 gallons (I)</i>

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<i>2" meter</i>	89.41	<i>21,400 gallons (I)</i>
<i>3" meter</i>	249.68	<i>68,400 gallons (I)</i>
<i>4" meter</i>	429.37	<i>127,500 gallons (I)</i>
<i>6" meter</i>	875.26	<i>281,500 gallons (I)</i>

Clinton

Consumption

<i>First</i>	<i>1,000 gallons</i>	<i>\$ 13.60</i>	<i>Minimum bill (I)</i>
<i>Next</i>	<i>9,000 gallons</i>	<i>7.71</i>	<i>per 1,000 gallons (I)</i>
<i>Next</i>	<i>15,000 gallons</i>	<i>7.07</i>	<i>per 1,000 gallons (I)</i>
<i>Next</i>	<i>25,000 gallons</i>	<i>6.44</i>	<i>per 1,000 gallons (I)</i>
<i>Next</i>	<i>50,000 gallons</i>	<i>5.72</i>	<i>per 1,000 gallons (I)</i>
<i>All Over</i>	<i>100,000 gallons</i>	<i>4.99</i>	<i>per 1,000 gallons (I)</i>

Minimum Monthly Charge

<i>5/8" or 3/4 " meter</i>	<i>\$ 13.60</i>	<i>1,000 gallons (I)</i>
<i>1" meter</i>	<i>46.73</i>	<i>5,300 gallons (I)</i>

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<i>1 1/2" meter</i>	<i>91.45</i>	<i>11,200 gallons (I)</i>
<i>2" meter</i>	<i>136.70</i>	<i>17,600 gallons (I)</i>
<i>6" meter</i>	<i>1,387.01</i>	<i>250,500 gallons (I)</i>

Monthly Fire Protection Charges

<i>Private Hydrants or Sprinkler Systems</i>	<i>\$ 22.62 per hydrant or sprinkler (I)</i>
<i>Clinton municipally owned hydrants</i>	<i>5.03 per hydrant (I)</i>
<i>Middlesboro municipally owned hydrants</i>	<i>5.03 per hydrant (I)</i>

CUSTOMER COMPLAINTS

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Complaints may be made to the Area Manager whose decision may be appealed to the Water Service Corporation of Kentucky Regional Manager. Such appeal shall be in writing within ten (10) days of the date of the decision by the Manager stating the nature of the complaint and supporting evidence. These decisions may be brought before the Public Service Commission in accordance with 807 KAR 5:006, Section 9.

WATER SHORTAGE RESPONSE PLAN

Water Service Corporation of Kentucky  
Middlesboro, Kentucky, Clinton, Kentucky

This Water Shortage Response Plan is adopted pursuant to the recommendations of the Kentucky Public Service Commission and the Commission's Model Water Shortage Response Plan, as herein modified, which was transmitted to all jurisdictional water utilities by letter from the Commission dated July 12, 1988.

Section 1. Purpose. The purpose of this Plan is to provide for the declaration of official phases of water supply shortages and the implementation of voluntary and mandatory water conservation measures throughout the area served by Water Service Corporation of Kentucky in the event of a shortage is declared.

Section 2. Definitions. These terms are applicable only for this Plan unless specifically noted.

- (a) "Customer" shall mean any person or entity using water for any purpose from the Water Service Corporation of Kentucky water distribution system and for which either a regular charge is made or, in the case of bulk sales, a cash charge

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is made at the site of delivery.

- (b) "Raw Water Supplies" shall mean all water potentially available to persons in the Water Service Corporation of Kentucky.
- (c) "Treated Water" shall mean water that has been introduced by the Water Service Corporation of Kentucky into its water distribution system, including water offered for sale. Uses of treated water are classified as follows:

Essential Water Uses (Class 1):

The following uses of water, listed by site or user type, are essential.

Domestic:

- water necessary to sustain human life and the lives of domestic pets, and to maintain minimum standard of hygiene and sanitation.

Health Care Facilities:

- patient care and rehabilitation, including related filling and operation of swimming pools.

Water Hauling:

- sales for domestic use where not reasonably available elsewhere.

Public Use:

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- firefighting,
- health and public protection purposes, if specifically approved by health officials.

Socially or Economically Important Uses (Class 2):

The following uses of water, listed by site or user type, are socially or economically important.

Domestic:

- personal, in-house water use including kitchen, bathroom and laundry.

Water Hauling:

- non-domestic, when other sources are not reasonably available elsewhere.

Commercial and Civic Use:

- commercial car and truck washes.
- Laundromats.
- restaurants, clubs, and eating places.
- schools, churches, motels/hotels, and similar commercial establishments.

Outdoor Non-Commercial Watering:

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- minimal watering of vegetable gardens.
- minimal watering of trees where necessary to preserve them.

Outdoor Commercial or Public Watering (using conservation methods and when other sources of water are not available or feasible to use):

- agricultural irrigation for the production of food and fiber or the maintenance of livestock.
- watering by arboretums and public gardens of national, state, regional, or community significance where necessary to preserve specimens.
- watering by commercial nurseries at a minimum level necessary to maintain stock
- watering at a minimum rate necessary to establish or maintain revegetation or landscape plantings required pursuant to law or regulation.
- watering of woody plants where necessary to preserve them.
- minimal watering of golf course greens.

Recreational:

- operation of municipal swimming pools and residential pools that serve more than 25 dwelling units.

Air Conditioning:

- refilling for startup at the beginning of the cooling season.

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- makeup of water during the cooling season.
- refilling specifically approved by health officials where the system has been drained for health protection or repair services.

Non-Essential Use (Class 3):

Any waste of water, as defined herein, is non-essential. The following uses of water, listed by site or user type, are non-essential.

Public Use:

- use of fire hydrants (excluding Class 1 and Class 2 uses), including use of sprinkler caps, testing fire apparatus, and fire department drills.
- flushing of sewers and hydrants except as needed to ensure public health and safety as approved by health officials.

Commercial and Civic Use:

- serving water in restaurants, clubs, or eating places, except by customer request.
- failure to repair a controllable leak.
- increasing water levels in scenic and recreational ponds and lakes, except for the minimum amount required to support fish and wildlife.

Ornamental Purposes:

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- fountains, reflecting pools, and artificial waterfalls.

Outdoor Non-Commercial Watering:

- use of water for dirt control or compaction.
- watering of annual or non-woody plants, lawns, parks, golf course fairways, playing fields, and other recreational areas.
- washing sidewalks, walkways, driveways, parking lots, tennis courts, or other hard-surface areas.
- washing down buildings or structures for purposes other than immediate fire protection.
- flushing gutters or permitting water to run or accumulate in any gutter or street.

Outdoor Commercial or Public Watering:

- expanding nursery facilities, placing new irrigated agricultural land in production or planting of landscaping except when required by site design review process.
- use of water for dirt control or compaction.
- watering of lawns, parks, golf course fairways, playing fields, and other recreational areas.
- washing sidewalks, walkways, driveways, parking lots, tennis courts or other hard-surface areas.

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- washing down buildings or structures for purposes other than immediate fire protection.
- flushing gutters or permitting water to run or accumulate in any gutter or street.

Recreational uses other than those specified in Class 2.

Non-commercial washing of motor and other vehicles.

Air Conditioning (see also Class 2 purposes):

- refilling cooling towers after draining.

(d) "Base Entitlement" shall mean the monthly usage for a customer during the same month of the preceding calendar year or the average per customer usage for each class of service during the same month of the preceding year.

(e) "Curtailed Entitlement" shall mean the monthly usage for a customer after any curtailment percentage has been applied.

(f) "Curtailment" shall mean the reduction in entitlement by some percentage to meet anticipated water shortages.

(g) Water Shortage Response Phases:

"Advisory" shall mean that conditions exist which indicate the potential for serious raw or treated water supply shortages.

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“Alert” shall mean the raw or treated water supplies are consistently below seasonal averages, and if they continue to decline, may not be adequate to meet normal needs.

“Emergency” shall mean that raw or treated water supplies are below the level necessary to meet normal needs and that serious shortages exist in the area.

- (h) “Rationing” shall mean that procedures must be established to provide for the equitable distribution of critically-limited raw or treated water supplies, in order to balance demand and limited available supplies, and to assure that sufficient water is available to preserve public health and safety.

Section 3. Applicability. The provisions of this Plan shall apply to all retail and wholesale Customers of the Water Service Corporation of Kentucky. When implemented, this Plan becomes Water Service Corporation of Kentucky’s Water Shortage Response Regulation.

Section 4. Entitlements. Entitlements shall be established for each customer by adjusting the base entitlement to reflect any known change in usage pattern.

Section 5. Determination of Water Shortage. Water supply and usage shall be monitored on a continuous basis. Unrestricted demand shall be projected from past records and adjusted for charges such as new developments and weather conditions on a regular basis. (Note: A sample calculation page is attached as Appendix A to assist in determining overall water levels. It is important that accurate water measurements be used.) Water shortages generally occur for two reasons: a reduction in available supplies or a system failure. Each of these has a distinct influence on the nature and duration of the conservation program implemented. Official declaration of a water shortage stage and implementation of the measures necessary to curtail water use shall be approved by the President of Water Service Corporation of Kentucky.

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Section 6. Term of Water Shortage Declaration. Any water shortage declaration shall remain in effect until water supplies and service conditions have returned to normal. A final determination as to terminating a water shortage declaration shall be made by the President of Water Service Corporation of Kentucky.

Section 7. Water Shortage, Criteria, Conservation, and Curtailment Measures.

A. Advisory Stage:

(1) Criteria: A water advisory shall be declared when the amount of treated water or raw water available for treatment is projected to be no more than 15 percent above demand, or there are periods of low water pressure in one or more areas of the distribution system due to system failure or inadequacies or the State Division of Water issues a Water Shortage Watch which includes the areas from which the Water Service Corporation of Kentucky draws water.

(2) Conservation and Curtailment Measures:

- (a) Declare a Water Shortage Advisory.
- (b) Provide proper notice to all customers and to all local news media.
- (c) Eliminate all water leaks.
- (d) Request voluntary conservation of all non-essential (Class 3) water use.

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(e) Request wholesale customers also issue request for voluntary conservation by their customers of all non-essential (Class 3) water use.

B. Alert Stage:

(1) Criteria: A water alert shall be declared when the amount of treated water available is projected to be no more than 10 percent above demand, and raw water supplies are consistently below seasonal averages and if they continue to decline, may not be adequate to meet normal needs.

(2) Conservation and Curtailment Measures:

- (a) Declare a Water Shortage Alert.
- (b) Provide proper notice to all customers and to all local news media.
- (c) Eliminate all water leaks.
- (d) Prohibit all non-essential (Class 3 ) water uses.
- (e) Curtail elements to all customers by the same percentage as the projected shortage.
- (f) Begin billing all customer water usage in excess of curtailed entitlement at the normal rate plus an excess usage charge of \$7.50 per 1,000 gallons.

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(Name of Utility)

CANCELLING P.S.C. KY. NO. 2 (in its entirety)

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CONTENTS

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C. Emergency Stage:

1. Criteria: A Water Emergency shall be declared when the amount of treated water available is projected to be no more than 5 percent above demand, and there are periods of no water in one or more areas of the distribution system due to low water supply or raw water supplies below the level necessary to meet normal needs.

2. Conservation and Curtailment Measurements:

- (a) Declare a Water Shortage Emergency.
- (b) Provide proper notice to all customers and to all local news media.
- (c) Eliminate all water leaks.
- (d) Prohibit all Class 3 uses of water.
- (e) Prohibit all Class 2 uses of water except Domestic uses for kitchens, bathrooms, and laundries.
- (f) Curtail all commercial and industrial entitlements (except Health Care Facilities) by 100%.
- (g) Curtail Residential entitlements by the same percentage as the projected shortage.

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DATE OF ISSUE

March 5, 2009  
Month / Date / Year

DATE EFFECTIVE

April 15, 2009  
Month / Date / Year

ISSUED BY

John Hoy \_\_\_\_\_  
(Signature of Officer)

TITLE

Chief Regulatory Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2008-00563 DATED

FOR Middlesboro and Clinton and Adjacent Territory  
Community, Town or City

P.S.C. KY. NO. 3

SHEET NO. 60

Water Service Corporation of Kentucky  
(Name of Utility)

CANCELLING P.S.C. KY. NO. 2 (in its entirety)

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CONTENTS

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- (h) Curtail entitlements to all wholesale customers by the same percentage as the projected shortage.
- (i) Begin billing all customer water usage in excess of curtailed entitlement at the normal rate plus an excess usage charge of \$8.50 per 1,000 gallons.

D. Rationing Stage:

1. Criteria: Treated water available is below demand and raw water supplies are no more than 3 percent above the level necessary to meet essential needs, and in the opinion of the President and/or Manager of Water Service Corporation of Kentucky, mandatory rationing is required to insure adequate water is available to maintain public health and safety.

2. Conservation and Curtailment Measures:

- (a) Declare Water Shortage Rationing.
- (b) Provide proper notice to all customers and to all local news media.
- (c) Eliminate all water leaks.
- (d) Prohibit all Class 3 and Class 2 uses of water.
- (e) Curtail all commercial and industrial entitlement (except Health Care Facilities) by 100%.

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DATE OF ISSUE March 5, 2009  
Month / Date / Year

DATE EFFECTIVE April 15, 2009  
Month / Date / Year

ISSUED BY John Hoy \_\_\_\_\_  
(Signature of Officer)

TITLE Chief Regulatory Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2008-00563 DATED

FOR Middlesboro and Clinton and Adjacent Territory  
Community, Town or City

P.S.C. KY. NO. 3

SHEET NO. 61

Water Service Corporation of Kentucky  
(Name of Utility)

CANCELLING P.S.C. KY. NO. 2 (in its entirety)

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- (f) Curtail all residential and wholesale entitlements by the same percentage as the projected shortage.
- (g) Implement service interruptions to portions of system in accordance with approved published schedule. The schedule shall be provided to all local media.
- (h) Begin billing customer water usage in excess of curtailment entitlement at the normal rate plus an excess usage charge of \$9.50 per 1,000 gallons.

Section 8. Enforcement of Water Restriction. Any person who violates the provisions of this Plan, who fails to carry out the duties and responsibilities imposed by this Plan, or who impedes or interferes with any action undertaken or ordered pursuant to this Plan shall be subject to the following:

- (a) If the utility official charged with implementation and enforcement of this Plan learns of any violation of any water use restriction imposed, a written notice of the violation shall be affixed to the property where the violation occurred and mailed to the customer of record. Said notice shall describe the violation and order that it be corrected, cured, or abated immediately or within 48 hours.
- (b) The notice will inform the customer of his or her right to appeal by requesting a hearing before the utility's designee. If a hearing is requested by the customer, he or she shall be given full opportunity to be heard before termination. The governing body shall make findings of fact and decide whether service should continue or terminate.
- (c) Any customer whose water service is terminated for violating provisions of this water curtailment plan shall be subject to the approved reconnection fee prior to

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DATE OF ISSUE March 5, 2009  
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BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2008-00563 DATED

FOR Middlesboro and Clinton and Adjacent Territory  
Community, Town or City

P.S.C. KY. NO. 3

SHEET NO. 62

Water Service Corporation of Kentucky  
(Name of Utility)

CANCELLING P.S.C. KY. NO. 2 (in its entirety)

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reconnection of service.

- (d) Any residential or non-residential water customer who exceeds the allotments established pursuant to this water shortage response plan will be subject to excess-use charges.
- (1) "Excess-use charges" will be collected based on the amount by which a customer's use exceeds the water allotments established pursuant to this Water Shortage Response Plan.
- (2) Any monies collected through excess-use charges shall not be accounted for as income, but shall be placed in a reserve account that is dedicated to addressing water shortage problems and water conservation initiatives.
- (3) However, the excess usage charge billing provisions of this Plan shall not be put in effect if a county or city ordinance containing penalty provisions is in effect to assist enforcement of this Plan.

Section 9. Request for Exception.

- (a) Exception to water use restrictions: If compliance with any curtailment measure authorized herein would cause a customer to bear extraordinary hardship, that individual or entity may apply to the Water Service Corporation of Kentucky for an exception. For these purposes, "extraordinary hardship" shall be defined as a condition which may threaten health and safety, or cause property or economic losses, each of which must be shown to be substantially more severe than the sacrifices borne by other users. If extraordinary hardship is found to exist, then an exception shall be granted and a written waiver issued to the customer. If an appeal is made, water service shall be continued until a decision is announced. Any person aggrieved by the decision may file a complaint

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DATE OF ISSUE March 5, 2009  
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BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2008-00563 DATED

FOR Middlesboro and Clinton and Adjacent Territory  
Community, Town or City

P.S.C. KY. NO. 3

SHEET NO. 63

Water Service Corporation of Kentucky  
(Name of Utility)

CANCELLING P.S.C. KY. NO. 2 (in its entirety)

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with the Public Service Commission.

- (b) Exception to curtailment surcharge: Exceptions to excess use charges shall not be considered or granted.

Section 10. Severability. If any provision of this Plan is declared invalid by the courts, the remainder of the Plan and its applicability to other persons and circumstances shall not be affected by that declaration.

Section 11. Effective Date. This Plan shall take effect immediately upon approval by the Public Service Commission.

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DATE OF ISSUE

March 5, 2009  
Month / Date / Year

DATE EFFECTIVE

April 15, 2009  
Month / Date / Year

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John Hoy \_\_\_\_\_  
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TITLE

Chief Regulatory Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2008-00563 DATED

FOR Middlesboro and Clinton and Adjacent Territory  
Community, Town or City

P.S.C. KY. NO. 3

SHEET NO. 64

Water Service Corporation of Kentucky  
(Name of Utility)

CANCELLING P.S.C. KY. NO. 2 (in its entirety)

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Water Service APPENDIX A  
Corporation of Kentucky

Middlesboro, Kentucky and Clinton, Kentucky

PROJECTED DEMAND WORKSHEET FOR \_\_\_\_\_  
(Month) (Year)

The information below would be used to estimate projected demand for one (1) month.

Calculations will done at the beginning of each month.

Average use in \_\_\_\_\_ for the past 5 years: \_\_\_\_\_  
(Last Month)

Average use in \_\_\_\_\_ for 2 years ago: \_\_\_\_\_  
(Last Month)

Average use in \_\_\_\_\_ for 1 year ago: \_\_\_\_\_  
(Last Month)

Average use in \_\_\_\_\_ for current year: \_\_\_\_\_  
(Last Month)

Average use in \_\_\_\_\_ for the past 5 years: \_\_\_\_\_  
(This Month)

Average use in \_\_\_\_\_ for 2 years ago: \_\_\_\_\_  
(This Month)

Average use in \_\_\_\_\_ for 1 year ago: \_\_\_\_\_

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DATE OF ISSUE March 5, 2009  
Month / Date / Year

DATE EFFECTIVE April 15, 2009  
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ISSUED BY John Hoy \_\_\_\_\_  
(Signature of Officer)

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BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2008-00563 DATED

FOR Middlesboro and Clinton and Adjacent Territory  
Community, Town or City

P.S.C. KY. NO. 3

SHEET NO. 65

Water Service Corporation of Kentucky  
(Name of Utility)

CANCELLING P.S.C. KY. NO. 2 (in its entirety)

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CONTENTS

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(This Month)

Usage Notes: \_\_\_\_\_

Weather Notes: \_\_\_\_\_

Average projected use for \_\_\_\_\_ :

Without conservation measures: \_\_\_\_\_ gpd

With advisory conservation measures  
(reduction) \_\_\_\_\_ gpd

With alert conservation measures  
(More than reduction) \_\_\_\_\_ gpd

With emergency conservation measures  
(More than reduction) \_\_\_\_\_ gpd

With rationing conservation measures  
(More than reduction) \_\_\_\_\_ gpd

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DATE OF ISSUE March 5, 2009  
Month / Date / Year

DATE EFFECTIVE April 15, 2009  
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ISSUED BY John Hoy \_\_\_\_\_  
(Signature of Officer)

TITLE Chief Regulatory Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2008-00563 DATED





**CASE NO. 2008-00563**

**EXHIBIT 3**

**WATER SERVICE CORPORATION OF KENTUCKY**  
**CLINTON AREA**  
**NOTICE TO CUSTOMERS**  
**WATER RATE ADJUSTMENT**

Pursuant to the regulations of the Public Service Commission (Commission), Water Service Corporation of Kentucky (WSCK) gives notice to its customers in Clinton that it intends to adopt an increase/decrease in its water rates. The rates listed below are to be effective April 15, 2009, or sooner if approved by the Commission. The average customer bill for all meter sizes is shown below. Further information may be obtained from the Commission or WSCK. The rates proposed in this Notice may be modified by the Commission. Such action by the Commission may result in the rates being higher or lower than those proposed by the WSCK.

Any corporation, association, body politic or person may by timely motion, within 30 days of this Notice, request intervention in this case. Intervention beyond the 30 day period may be granted for good cause shown. The Motion must be submitted to the Public Service Commission, 211 Sower Blvd., Box 615, Frankfort, Ky. 40602 and should state the grounds for the request, including the interest and status of the party. Intervenors may obtain copies of the Application and any testimony filed by contacting WSCK at the address below. A copy of the Application is available for public review at the office of WSCK and at the Public Service Commission, 211 Sower Blvd., Frankfort, Ky. 40601, (502) 564-3940.

John Hoy  
Water Service Corporation of Kentucky  
2335 Sanders Road  
Northbrook, Illinois 60062  
(847) 498-6440

Local Office:  
100 East Jackson Street  
P.O. Box 178  
Clinton, Kentucky 42031  
(270) 653-3621

	<u>Current Rates (per 1,000 gallons):</u>	<u>Proposed Rates (gal):</u>	<u>Avg Bill Dollar Inc/(Dec):</u>	<u>Avg Bill % Inc/(Dec):</u>
5/8" meters	First 1,000 (minimum) \$9.02	\$13.60	\$11.59	50.80%
3/4" meters	Next 9,000 \$5.11	\$7.71		
	Next 15,000 \$4.69	\$7.07		
	Next 25,000 \$4.27	\$6.44		
	Next 50,000 \$3.79	\$5.72		
	Over 100,000 \$3.31	\$4.99		
1" meters	First 5,300 (minimum) \$30.99	\$46.73	\$36.56	50.80%
	Next 3,700 \$5.11	\$7.71		
	Next 15,000 \$4.69	\$7.07		
	Next 25,000 \$4.27	\$6.44		
	Next 50,000 \$3.79	\$5.72		
	Over 100,000 \$3.31	\$4.99		
1 1/2" meters	First 11,200 (minimum) \$60.64	\$91.45	\$130.15	50.80%
	Next 13,800 \$4.69	\$7.07		
	Next 25,000 \$4.27	\$6.44		
	Next 50,000 \$3.79	\$5.72		

	Over 100,000	\$3.31	\$4.99		
2" meters	First 17,600 (minimum)	\$90.65	\$136.70	\$157.29	50.80%
	Next 7,400	\$4.69	\$7.07		
	Next 25,000	\$4.27	\$6.44		
	Next 50,000	\$3.79	\$5.72		
	Over 100,000	\$3.31	\$4.99		
6" meters	First 250,500 (minimum)	\$919.77	\$1,387.01	\$467.24	50.80%
	Over 250,500	\$3.31	\$4.99		

	<u>Current Rates (flat):</u>	<u>Proposed Rates (flat):</u>	<u>Avg Bill Dollar Inc/(Dec):</u>	<u>Avg Bill % Inc/(Dec):</u>
Hydrant (private)	\$15.00	\$22.62	\$7.62	50.80%
5/8" sprinkler (private)	\$15.00	\$22.62	\$7.62	50.80%
Hydrant (municipal)	\$3.33/hydrant	\$5.03/hydrant	\$1.69	50.80%

	<u>Current Rates</u>	<u>Proposed Rates</u>
Tap/Connection Fees		
Less than or Equal to 1 inch connection		\$1,434.00
Greater than a 1 inch connection		Actual Cost
Tampering Fee		\$27.00
Non Sufficient Funds Charge		\$15.00
Adding a Meter Fee		
Less than or Equal to 1 inch connection		\$50.00
Greater than a 1 inch connection		Actual Cost of Meter
Service Reconnection Charge	\$20.00	\$27.00
New Customer Account Setup Fee		\$27.00
Service Charges	\$20.00	\$27.00
Meter Testing Fee		
Only for 5/8" or 3/4" residential meter	\$15.00	\$20.00
Larger meter testing		Actual Cost

**WATER SERVICE CORPORATION OF KENTUCKY**  
**MIDDLESBORO AREA**  
**NOTICE TO CUSTOMERS**  
**WATER RATE ADJUSTMENT**

Pursuant to the regulations of the Public Service Commission (Commission), Water Service Corporation of Kentucky (WSCK) gives notice to its customers in Middlesboro that it intends to adopt an increase in its water rates. The rates listed below are to be effective April 15, 2009, or sooner if approved by the Commission. The average customer bill for all meter sizes is shown below. Further information may be obtained from the Commission or WSCK. The rates proposed in this Notice may be modified by the Commission. Such action by the Commission may result in the rates being higher or lower than those proposed by the WSCK.

Any corporation, association, body politic or person may by timely motion, within 30 days of this Notice, request intervention in this case. Intervention beyond the 30 day period may be granted for good cause shown. The Motion must be submitted to the Public Service Commission, 211 Sower Blvd., Box 615, Frankfort, Ky. 40602 and should state the grounds for the request, including the interest and status of the party. Intervenors may obtain copies of the Application and any testimony filed by contacting WSCK at the address below. A copy of the Application is available for public review at the office of WSCK and at the Public Service Commission, 211 Sower Blvd., Frankfort, Ky. 40601, (502) 564-3940.

John Hoy  
Water Service Corporation of Kentucky  
2335 Sanders Road  
Northbrook, Illinois 60062  
(847) 498-6440

Local Office:  
1221 East Cumberland Avenue  
P.O. Box 818  
Middlesboro, Kentucky 40965  
(606) 248-5730

	<u>Current Rates (per 1,000 gallons):</u>	<u>Proposed Rates (gallonge):</u>	<u>Average Bill Dollar Increase:</u>	<u>Average Bill Percentage Increase:</u>
5/8" meters	First 1,000 (minimum)	\$6.74	\$10.16	\$8.02 50.80%
	Next 9,000	\$2.71	\$4.09	
	Next 15,000	\$2.47	\$3.72	
	Next 25,000	\$2.35	\$3.54	
	Next 50,000	\$2.10	\$3.17	
	Over 100,000	\$1.92	\$2.90	
1" meters	First 6,000 (minimum)	\$20.29	\$30.60	\$35.19 50.80%
	Next 4,000	\$2.71	\$4.09	
	Next 15,000	\$2.47	\$3.72	
	Next 25,000	\$2.35	\$3.54	
	Next 50,000	\$2.10	\$3.17	
	Over 100,000	\$1.92	\$2.90	
1 1/2" meters	First 13,000 (minimum)	\$38.54	\$58.12	\$59.78 50.80%
	Next 12,000	\$2.47	\$3.72	
	Next 25,000	\$2.35	\$3.54	
	Next 50,000	\$2.10	\$3.17	
	Over 100,000	\$1.92	\$2.90	

2" meters	First 21,400 (minimum)	\$59.29	\$89.41	\$83.77	50.80%
	Next 3,600	\$2.47	\$3.72		
	Next 25,000	\$2.35	\$3.54		
	Next 50,000	\$2.10	\$3.17		
	Over 100,000	\$1.92	\$2.90		
3" meters	First 68,400 (minimum)	\$165.57	\$249.68	\$204.38	50.80%
	Next 31,600	\$2.10	\$3.17		
	Over 100,000	\$1.92	\$2.90		
4" meters	First 127,500 (minimum)	\$284.73	\$429.37	\$144.64	50.80%
	Over 127,500	\$1.92	\$2.90		
6" meters	First 281,500 (minimum)	\$580.41	\$875.26	\$845.30	50.80%
	Over 281,500	\$1.92	\$2.90		

	<u>Current Rates (flat):</u>	<u>Proposed Rates (flat):</u>	<u>Average Bill Dollar Increase:</u>	<u>Average Bill Percentage Increase:</u>
Industrial city special	\$118.58	\$178.82	\$60.24	50.80%
Commercial city sprinkler	\$15.00	\$22.62	\$7.62	50.80%
Industrial city sprinkler	\$15.00	\$22.62	\$7.62	50.80%
Commercial city special	\$30.00	\$45.24	\$15.24	50.80%
Commercial county special	\$45.00	\$67.86	\$22.86	50.80%
Commercial county special	\$315.00	\$475.02	\$160.02	50.80%
Government city special	\$30.00	\$45.24	\$15.24	50.80%
Government city special	\$105.00	\$158.34	\$53.34	50.80%
Commercial city special	\$45.00	\$67.86	\$22.86	50.80%
Commercial city special	\$60.00	\$90.48	\$30.48	50.80%
Industrial city sprinkler	\$60.00	\$90.48	\$30.48	50.80%
Industrial city special	\$75.00	\$113.10	\$38.10	50.80%
Government city hydrant	\$3.33/hydrant	\$5.02/hydrant	\$1.69	50.80%

	<u>Current Rates</u>	<u>Proposed Rates</u>
Up/Connection Fees		
Less than or Equal to 1 inch connection		\$1,434.00
Greater than a 1 inch connection		Actual Cost
Tampering Fee		\$27.00
Non Sufficient Funds Charge		\$15.00
Adding a Meter Fee		
Less than or Equal to 1 inch connection		\$50.00
Greater than a 1 inch connection		Actual Cost of Meter
Service Reconnection Charge	\$20.00	\$27.00
New Customer Account Setup Fee		\$27.00
Service Charges	\$20.00	\$27.00
Meter Testing Fee		
Only for 5/8" or 3/4" residential meter	\$15.00	\$20.00
Larger meter testing		Actual Cost

Case No. 2008-00563  
Exhibit 4



Customers	
Water	7,991
Avail	-
Sub Total	7,991
Sewer	-
Avail	-
Sub Total	-
Total	7,991

Utility

WATER SERVICE  
CORPORATION OF  
KENTUCKY

TYE

June 30, 2008

Print Rate Increases

Print Schedules

Print Work Papers

Does Balance Sheet balance?	yes
Does Plant by categories (See C) tie to per books Gross Plant in Service?	yes
Does MTP tie to current IS?	YES

		ROR	Water
Present	Rate Base		0.53%
	Equity		-8.12%
Proposed	Rate Base		9.06%
	Equity		11.85%

		Operating Margin	Water
Proposed			13.81%

		Revenues	Water	% Increase
Present		\$ 1,631,079		
Proposed		\$ 2,447,180		50.03%

		Rates	Water
MIDDLESBORO			
Present	16001 - 5/8" residential city w/ school tax - Middlesboro		
	16011 - 5/8" commercial city w/ school tax and KY state sales tax - Middlesboro		
	16012 - 3/4" commercial city w/ school tax and KY state sales tax - Middlesboro		
	16031 - 5/8" residential county w/ school tax - Middlesboro		
	16041 - 5/8" commercial county w/ school tax and KY state sales tax - Middlesboro		
	16071 - 5/8" industrial city w/ school tax and KY state sales tax - Middlesboro		
	16081 - 5/8" commercial city w/ school tax - Middlesboro		
	16091 - 5/8" government city w/ school tax - Middlesboro		
	First 1,000 (minimum 1,000)	\$	6.74
	Next 9,000	\$	2.71
	Next 15,000	\$	2.47
	Next 25,000	\$	2.35
	Next 50,000	\$	2.10
Over 100,000	\$	1.92	
Present	16003 - 1" residential city w/ school tax - Middlesboro		
	16013 - 1" commercial city w/ school tax and KY state sales tax - Middlesboro		
	16033 - 1" residential county w/ school tax - Middlesboro		
	16043 - 1" commercial county w/ school tax and KY state sales tax - Middlesboro		
	16073 - 1" industrial city w/ school tax and KY state sales tax - Middlesboro		
	16082 - 1" commercial city w/ school tax - Middlesboro		
	16092 - 1" government city w/ school tax - Middlesboro		
	First 6,000 (minimum charge)	\$	20.29
	Next 4,000	\$	2.71
	Next 15,000	\$	2.47
Present	16015 - 1 1/2" commercial city w/ school tax and KY state sales tax - Middlesboro		
	16045 - 1 1/2" commercial county w/ school tax and KY state sales tax - Middlesboro		
	16075 - 1 1/2" industrial city w/ school tax and KY state sales tax - Middlesboro		
	16093 - 1 1/2" government city w/ school tax - Middlesboro		
	First 13,000 (minimum charge)	\$	38.54
	Next 12,000	\$	2.47
Present	16016 - 2" commercial city w/ school tax and KY state sales tax - Middlesboro		
	16076 - 2" industrial city w/ school tax and KY state sales tax - Middlesboro		
	16083 - 2" commercial city w/ school tax - Middlesboro		
	16094 - 2" government city w/ school tax - Middlesboro		
	First 21,400 (minimum charge)	\$	59.29
Present	Next 3,600	\$	2.47
	Next 25,000	\$	2.35
	Next 50,000	\$	2.10
	Over 100,000	\$	1.92
Present	16017 - 3" commercial city w/ school tax and KY state sales tax - Middlesboro		
	16077 - 3" industrial city w/ school tax and KY state sales tax - Middlesboro		
	16090 - 3" commercial Pineville w/ school tax - Middlesboro		
	16095 - 3" government city w/ school tax - Middlesboro		
Present	First 68,400 (minimum charge)	\$	165.57
	Next 31,600	\$	2.10
	Over 100,000	\$	1.92
Present	16018 - 4" commercial city w/ school tax and KY state sales tax - Middlesboro		
	16078 - 4" industrial city w/ school tax and KY state sales tax - Middlesboro		
	16096 - 4" government city w/ school tax - Middlesboro		
Present	First 127,500 gallons (minimum charge)	\$	284.73
	Over 127,500 gallons	\$	1.92
Present	16019 - 6" commercial city w/ school tax and KY state sales tax - Middlesboro		

CLINTON			
	16204 - 5/8" commercial w/ school tax and KY state sales tax - Clinton		
	16205 - 5/8" residential w/ school tax - Clinton		
	16206 - 5/8" public authority w/ school tax - Clinton		
	16214 - 3/4" commercial w/ school tax and KY state sales tax - Clinton		
	16234 - 3/4" commercial out of city w/ school tax and KY state sales tax - Clinton		
	16235 - 5/8" residential w/ school tax - Clinton		
	16236 - 3/4" public authority out of city w/ school tax - Clinton		
	16242 - 3/4" commercial w/ school tax - Clinton		
	16246 - 3/4" public authority w/ school tax - Clinton		
	16263 - 3/4" residential w/ school tax and KY state sales tax - Clinton		
	16265 - 3/4" residential out of city w/ school tax - Clinton		
	16272 - 3/4" multi commercial w/ school tax - Clinton		
	16275 - 3/4" multi commercial wtr - Clinton		
Present	16276 - 3/4" Multi commercial wtr - Clinton		
	16287 - 5/8" multi commercial w/ school tax and KY state sales tax - Clinton		
	16290 - 3/4" Public authority Wtr out of city		
	16293 - 3/4" Water commercial out of city - Clinton		
	16294 - 3/4" commercial water - Clinton		
	16295 - 3/4" residential water - Clinton		
	16296 - 3/4" residential water out of city		
	16397 - 3/4" multi commercial w/ school tax and KY state sales tax - Clinton		
	First 1,000 (minimum charge)	\$ 9.02	
	Next 9,000	\$ 5.11	
	Next 15,000	\$ 4.69	
	Next 25,000	\$ 4.27	
	Next 50,000	\$ 3.79	
	Over 100,000	\$ 3.31	
	16208 - 1" public authority w/ school tax - Clinton		
	16230 - 1" commercial out of city w/ school tax and KY state sales tax - Clinton		
	16244 - 1" commercial w/ school tax and KY state sales tax - Clinton		
	16247 - 1" multi residential w/ school tax and KY state sales tax - Clinton		
	16279 - 1" Multi Wtr - Clinton		
	16392 - 1" Wtr Com Out City - Clinton		
Present	First 5,300 (minimum charge)	\$ 30.99	
	Next 3,700	\$ 5.11	
	Next 15,000	\$ 4.69	
	Next 25,000	\$ 4.27	
	Next 50,000	\$ 3.79	
	Over 100,000	\$ 3.31	
	16238 - 1 1/2" public authority w/ school tax - Clinton		
	16252 - 1 1/2" industrial city w/ school tax and KY state sales tax - Clinton		
	16254 - 1 1/2" commercial w/ school tax and KY state sales tax - Clinton		
Present	First 11,200 (minimum)	\$ 60.64	
	Next 13,800	\$ 4.69	
	Next 25,000	\$ 4.27	
	Next 50,000	\$ 3.79	
	Over 100,000	\$ 3.31	
	16248 - 2" public authority w/ school tax - Clinton		
	16257 - 2" multi residential w/ school tax and KY state sales tax - Clinton		
	16262 - 2" industrial w/ school tax and KY state sales tax - Clinton		
	16264 - 2" commercial w/ school tax and KY state sales tax - Clinton		
	16278 - 2" Multi Wtr - Clinton		
Present	16291 - 2" Pub Auth Wtr - Clinton		
	First 17,600 (minimum)	\$ 90.65	
	Next 7,400	\$ 4.69	
	Next 25,000	\$ 4.27	
	Next 50,000	\$ 3.79	
	Over 100,000	\$ 3.31	
Present	16280 - 6" commercial w/ school tax and KY state sales tax - Clinton		
	First 250,500 (minimum)	\$ 919.77	
	Over 250,500	\$ 3.31	
11 85%	Present	16285 - Hydrant - private - Clinton	\$ 15.00
	Present	16286 - 5/8" sprinkler - private - Clinton	\$ 15.00
	Present	16299 - Hydrant - municipal - Clinton	\$ 3.33

Increase Factors		MIDDLESBORO		% Increase
1.50800	Proposed Base Facility Charge	16001 - 5/8" residential city w/ school tax - Middlesboro	\$ 10.16	N/A
1.50800		16011 - 5/8" commercial city w/ school tax and KY state sales tax - Middlesboro	10.16	\$ 6.74 \$ 3.42 50.80%
1.50800		16012 - 3/4" commercial city w/ school tax and KY state sales tax - Middlesboro	10.16	N/A
1.50800		16031 - 5/8" residential county w/ school tax - Middlesboro	10.16	N/A
1.50800		16041 - 5/8" commercial county w/ school tax and KY state sales tax - Middlesboro	10.16	N/A
1.50800		16071 - 5/8" industrial city w/ school tax and KY state sales tax - Middlesboro	10.16	N/A
1.50800		16081 - 5/8" commercial city w/ school tax - Middlesboro	10.16	N/A
1.50800		16091 - 5/8" government city w/ school tax - Middlesboro	10.16	N/A
1.50800		Next 9,000	\$ 4.09	
1.50800		Next 15,000	\$ 3.72	
1.50800	Next 25,000	\$ 3.54		
1.50800	Next 50,000	\$ 3.17		
1.50800	Over 100,000	\$ 2.90		
1.50800	Proposed Base Facility Charge	16003 - 1" residential city w/ school tax - Middlesboro	\$ 30.60	N/A
1.50800		16013 - 1" commercial city w/ school tax and KY state sales tax - Middlesboro	30.60	\$ 20.29 \$ 10.31 50.80%
1.50800		16033 - 1" residential county w/ school tax - Middlesboro	30.60	N/A
1.50800		16043 - 1" commercial county w/ school tax and KY state sales tax - Middlesboro	30.60	N/A
1.50800		16073 - 1" industrial city w/ school tax and KY state sales tax - Middlesboro	30.60	N/A
1.50800		16083 - 1" commercial city w/ school tax - Middlesboro	30.60	N/A
1.50800		16093 - 1" government city w/ school tax - Middlesboro	30.60	N/A
1.50800		Next 4,000	4.09	
1.50800		Next 15,000	3.72	
1.50800		Next 25,000	3.54	
1.50800	Next 50,000	3.17		
1.50800	Over 100,000	2.90		
1.50800	Proposed Base Facility Charge	16015 - 1 1/2" commercial city w/ school tax and KY state sales tax - Middlesboro	\$ 58.12	N/A
1.50800		16045 - 1 1/2" commercial county w/ school tax and KY state sales tax - Middlesboro	58.12	\$ 38.54 \$ 19.58 50.80%
1.50800		16075 - 1 1/2" industrial city w/ school tax and KY state sales tax - Middlesboro	58.12	N/A
1.50800		16095 - 1 1/2" government city w/ school tax - Middlesboro	58.12	N/A
1.50800		Next 12,000	3.72	
1.50800	Proposed Base Facility Charge	16016 - 2" commercial city w/ school tax and KY state sales tax - Middlesboro	\$ 89.41	N/A
1.50800		16076 - 2" industrial city w/ school tax and KY state sales tax - Middlesboro	89.41	\$ 59.29 \$ 30.12 50.80%
1.50800		16083 - 2" commercial city w/ school tax - Middlesboro	89.41	N/A
1.50800		16094 - 2" government city w/ school tax - Middlesboro	89.41	N/A
1.50800		Next 3,600	3.72	
1.50800	Proposed Base Facility Charge	16017 - 3" commercial city w/ school tax and KY state sales tax - Middlesboro	\$ 249.68	N/A
1.50800		16077 - 3" industrial city w/ school tax and KY state sales tax - Middlesboro	249.68	\$ 165.57 \$ 84.11 50.80%
1.50800		16090 - 3" commercial Pineville w/ school tax - Middlesboro	249.68	N/A
1.50800		16095 - 3" government city w/ school tax - Middlesboro	249.68	N/A
1.50800		Next 31,600	3.17	
1.50800	Proposed Base Facility Charge	16018 - 4" commercial city w/ school tax and KY state sales tax - Middlesboro	\$ 429.37	N/A
1.50800		16078 - 4" industrial city w/ school tax and KY state sales tax - Middlesboro	429.37	\$ 284.73 \$ 144.64 50.80%
1.50800		16096 - 4" government city w/ school tax - Middlesboro	429.37	N/A
1.50800		Over 127,500 gallons	2.90	
1.50800	Proposed Base Facility Charge	16019 - 6" commercial city w/ school tax and KY state sales tax - Middlesboro	\$ 875.26	N/A
1.50800		16079 - 6" industrial city w/ school tax and KY state sales tax - Middlesboro	875.26	\$ 580.41 \$ 294.85 50.80%
1.50800	Proposed	16010 - Industrial city special w/ school tax and KY state sales tax - Middlesboro	\$ 1.79	\$ 118.58 \$ 60.24 50.80%
1.50800		16037 - Commercial city sprinkler - Middlesboro	\$ 22.62	\$ 15.00 \$ 7.62 50.80%
1.50800	Proposed	16039 - Industrial city sprinkler - Middlesboro	\$ 22.62	\$ 15.00 \$ 7.62 50.80%
1.50800	Proposed	16040 - Commercial city special - Middlesboro	\$ 45.24	\$ 30.00 \$ 15.24 50.80%
1.50800	Proposed	16050 - Commercial county special - Middlesboro	\$ 67.86	\$ 45.00 \$ 22.86 50.80%
1.50800	Proposed	16055 - Commercial county special - Middlesboro	\$ 475.02	\$ 315.00 \$ 160.02 50.80%
1.50800	Proposed	16056 - Government city special - Middlesboro	\$ 45.24	\$ 30.00 \$ 15.24 50.80%
1.50800	Proposed	16058 - Government city special - Middlesboro	\$ 158.34	\$ 105.00 \$ 53.34 50.80%
1.50800	Proposed	16060 - Commercial city special - Middlesboro	\$ 67.86	\$ 45.00 \$ 22.86 50.80%
1.50800	Proposed	16070 - Commercial city special - Middlesboro	\$ 90.48	\$ 60.00 \$ 30.48 50.80%
1.50800	Proposed	16088 - Industrial city sprinkler - Middlesboro	\$ 90.48	\$ 60.00 \$ 30.48 50.80%
1.50800	Proposed	16089 - Industrial city special - Middlesboro	\$ 113.10	\$ 75.00 \$ 38.10 50.80%
1.50800	Proposed	16098 - Government city hydrant - Middlesboro	\$ 5.02	\$ 3.33 \$ 1.69 50.80%
		CLINTON		
1.50800		16204 - 5/8" commercial w/ school tax and KY state sales tax - Clinton	\$ 13.60	\$ 9.02 \$ 4.58 50.80%
1.50800		16205 - 5/8" residential w/ school tax - Clinton	\$ 13.60	
1.50800		16206 - 5/8" public authority w/ school tax - Clinton	\$ 13.60	
1.50800		16214 - 3/4" commercial w/ school tax and KY state sales tax - Clinton	\$ 13.60	
1.50800		16234 - 3/4" commercial out of city w/ school tax and KY state sales tax - Clinton	\$ 13.60	

1.50800		Next 50,000	\$ 5.72				
1.50800		Over 100,000	\$ 4.99				
1.50800	Proposed	16208 - 1" public authority w/ school tax - Clinton	\$ 46.73	\$ 30.99	\$ 15.74	50.80%	
1.50800	Base	16230 - 1" commercial out of city w/ school tax and KY state sales tax - Clinton	\$ 46.73				
1.50800	Facility	16244 - 1" commercial w/ school tax and KY state sales tax - Clinton	\$ 46.73				
1.50800	Charge	16247 - 1" multi residential w/ school tax and KY state sales tax - Clinton	\$ 46.73				
1.50800		16279 - 1" Multi Wtr	\$ 46.73				
1.50800		16292 - 1" Wtr Com Out City	\$ 46.73				
1.50800		Next 3,700	\$ 7.71				
1.50800		Next 15,000	\$ 7.07				
1.50800		Next 25,000	\$ 6.44				
1.50800		Next 50,000	\$ 5.72				
1.50800		Over 100,000	\$ 4.99				
1.50800	Proposed	16238 - 1 1/2" public authority w/ school tax - Clinton	\$ 91.45	\$ 60.64	\$ 30.81	50.80%	
1.50800	Base	16252 - 1 1/2" industrial city w/ school tax and KY state sales tax - Clinton	\$ 91.45				
1.50800	Facility	16254 - 1 1/2" commercial w/ school tax and KY state sales tax - Clinton	\$ 91.45				
1.50800	Charge		\$ 91.45				
1.50800		Next 13,800	\$ 7.07				
1.50800		Next 25,000	\$ 6.44				
1.50800		Next 50,000	\$ 5.72				
1.50800		Over 100,000	\$ 4.99				
1.50800	Proposed	16248 - 2" public authority w/ school tax - Clinton	\$ 136.70	\$ 90.65	\$ 46.05	50.80%	
1.50800	Base	16257 - 2" multi residential w/ school tax and KY state sales tax - Clinton	\$ 136.70				
1.50800	Facility	16262 - 2" industrial w/ school tax and KY state sales tax - Clinton	\$ 136.70				
1.50800	Charge	16264 - 2" commercial w/ school tax and KY state sales tax - Clinton	\$ 136.70				
1.50800		16278 - 2" Multi Wtr	\$ 136.70				
1.50800		16291 - 2" Pub Auth Wtr	\$ 136.70				
1.50800		Next 7,400	\$ 7.07				
1.50800		Next 25,000	\$ 6.44				
1.50800		Next 50,000	\$ 5.72				
1.50800		Over 100,000	\$ 4.99				
1.50800	Proposed						
1.50800	Base						
1.50800	Facility						
1.50800	Charge	16280 - 6" commercial w/ school tax and KY state sales tax - Clinton	\$ 1,387.01	\$ 919.77	\$ 467.24	50.80%	
1.50800		Over 250,500	\$ 4.99				
1.50800	Proposed	16285 - Hydrant - private - Clinton	\$ 22.62	\$ 15.00	\$ 7.62	50.80%	
1.50800	Proposed	16286 - 5/8" sprinkler - private - Clinton	\$ 22.62	\$ 15.00	\$ 7.62	50.80%	
1.50800	Proposed	16299 - Hydrant - municipal - Clinton	\$ 5.03	\$ 3.33	\$ 1.69	50.80%	

**WATER SERVICE CORPORATION OF KENTUCKY**  
**Trial Balance 06/30/08**

	G/L Water Yr End 06/30/08	G/L W & S Total 6/30/2008	Other	Adjusted 06/30/08	Water	Sewer	Allocation Method
1020	Organization	128,111	128,111	128,111	128,111	-	Actual
1045	Land & Land Rights General	22,700	22,700	22,700	22,700	-	Actual
1050	Structures & Improvements (Source Sup)	102,737	102,737	102,737	102,737	-	Actual
1055	Structures & Improvements (Water TP)	451,425	451,425	451,425	451,425	-	Actual
1065	Structures & Improvements (Gen Plt)	129,836	129,836	129,836	129,836	-	Actual
1080	Wells & Springs	468,533	468,533	468,533	468,533	-	Actual
1105	Electric Pumping Equipment	593,362	593,362	593,362	593,362	-	Actual
1110	Electric Pumping Equipment Trans	4,600	4,600	4,600	4,600	-	Actual
1115	Water Treatment Equipment	566,000	566,000	566,000	566,000	-	Actual
1120	Distrib Reservoirs & Standpipes	520,971	520,971	520,971	520,971	-	Actual
1125	Transmission & Distribution Mains	2,899,781	2,899,781	2,899,781	2,899,781	-	Actual
1130	Service Lines	665,522	665,522	665,522	665,522	-	Actual
1135	Meters	636,410	636,410	636,410	636,410	-	Actual
1140	Meter Installations	312,248	312,248	312,248	312,248	-	Actual
1145	Hydrants	374,536	374,536	374,536	374,536	-	Actual
1175	Office Structures & Improvements	147,984	147,984	147,984	147,984	-	Actual
1180	Office Furniture & Equipments	99,278	99,278	99,278	99,278	-	Actual
1195	Laboratory Equipment	43,327	43,327	43,327	43,327	-	Actual
1190	Tools, Shop, & Misc Equipment	255,896	255,896	255,896	255,896	-	Actual
1205	Communication Equipment	54,231	54,231	54,231	54,231	-	Actual
1215	Water plant allocated	69,976	69,976	69,976	69,976	-	Actual
	Sub-Total	8,547,465	8,547,465	8,547,465	8,547,465	-	
1345	Sewer Force Main/Svc Line	232	232	232	232	-	Actual
1350	Sewer Gravity Main/Manhole	103	103	103	103	-	Actual
1395	Sewer Gravity Main/Manhole	233	233	233	233	-	Actual
	Sub-Total	568	568	568	568	-	
1555	Transportation	477,956	477,956	477,956	477,956	-	Actual
1580	Mainframe Computer WTR	15,972	15,972	15,972	15,972	-	Actual
1585	Min Computers	76,357	76,357	76,357	76,357	-	Actual
1590	Comp Sys Cost Wir	406,916	406,916	406,916	406,916	-	Actual
1595	Micro Sys Cost Computers	18,882	18,882	18,882	18,882	-	Actual
	Total Plant	9,544,117	9,544,117	9,544,117	9,544,117	-	
1699	Water Plant in Process	1,978	1,978	1,978	1,978	-	Actual
1769	Other Plant in Process	(30,266)	(30,266)	(30,266)	(30,266)	-	Actual
1799	Deferred Plant in Process Work in Process	69,051	69,051	69,051	69,051	-	Actual
		40,763	40,763	40,763	40,763	-	

1835	ACCUM DEPR - ORGANIZATION	(3,221)	(3,221)	(3,221)	(3,221)	-	Actual
1845	ACCUM DEPR STRUCT AND IMPV SRC	(18,298)	(18,298)	(18,298)	(18,298)	-	Actual
1850	ACCUM DEPR STRUCT IMPRV WTR	(129,668)	(129,668)	(129,668)	(129,668)	-	Actual
1860	ACCUM DEPR STRUCT AND IMPV GEN	(1,516)	(1,516)	(1,516)	(1,516)	-	Actual
1875	ACC DEPR WELLS	(47,149)	(47,149)	(47,149)	(47,149)	-	Actual
1900	ACC DEPR ELECT PUMP	(60,009)	(60,009)	(60,009)	(60,009)	-	Actual
1905	ACC DEPR-ELECT PUMP EQPT	(46)	(46)	(46)	(46)	-	Actual
1910	ACC DEPR WTR TREATMENT	(173,689)	(173,689)	(173,689)	(173,689)	-	Actual
1915	ACC DEPR DIST RESV STAND	(205,357)	(205,357)	(205,357)	(205,357)	-	Actual
1920	ACC DEPR TRANS AND DISTR	(1,180,145)	(1,180,145)	(1,180,145)	(1,180,145)	-	Actual
1925	ACC DEPR SERVICE LINES	(535,935)	(535,935)	(535,935)	(535,935)	-	Actual
1930	ACC DEPR METERS	(389,278)	(389,278)	(389,278)	(389,278)	-	Actual
1935	ACC DEPR METERS INSTALLS	(154,796)	(154,796)	(154,796)	(154,796)	-	Actual
1940	ACC DEPR HYDRANTS	(30,569)	(30,569)	(30,569)	(30,569)	-	Actual
1970	ACC DEPR OFFICE STRUCTURES	(46,072)	(46,072)	(46,072)	(46,072)	-	Actual
1975	ACC DEPR OFFICE FURN	(79,446)	(79,446)	(79,446)	(79,446)	-	Actual
1985	ACC DEPR TOOLS	(104,235)	(104,235)	(104,235)	(104,235)	-	Actual
1895	ACC DEPR ELECT PUMP	-	0	-	-	-	Actual
2000	ACC DEPR-COMMUNICATION EQMT	(44,298)	(44,298)	(44,298)	(44,298)	-	Actual
2010	ACC DEPR-OTHER TANG PLT WA	(5,596)	(5,596)	(5,596)	(5,596)	-	Actual
2030	ACC DEPR-ORGANIZATION	117	117	117	117	-	Actual
2105	ACC DEPR-SEWER FORCE MAIN	(2)	(2)	(2)	(2)	-	Actual
2110	ACC DEPR-SEWER GRVTY MAIN	(1)	(1)	(1)	(1)	-	Actual
2155	ACC DEPR-TREAT-DISP EQP LA	(1)	(1)	(1)	(1)	-	Actual
2300	ACC DEPR-TRANSPORTATION WA	(416,829)	(416,829)	(416,829)	(416,829)	-	Actual
2320	ACC DEPR-MAINFRAME COMP WT	(14,315)	(14,315)	(14,315)	(14,315)	-	Actual
2325	ACC DEPR-MINI COMP WTR	(47,028)	(47,028)	(47,028)	(47,028)	-	Actual
2330	COMP SYS AMORTIZATION WTR	(49,449)	(49,449)	(49,449)	(49,449)	-	Actual
2335	MICRO SYS AMORTIZATION WTR	(11,571)	(11,571)	(11,571)	(11,571)	-	Actual
1990	ACC DEPR-LABORATORY EQUIP	(25,380)	(25,380)	(25,380)	(25,380)	-	Actual
	Total A-D	(3,773,784)	(3,773,784)	(3,773,784)	(3,773,784)	-	Actual
2400	Net Utility PAA - Water	(183,025)	(183,025)	(183,025)	(183,025)	-	Actual
2420	Accum Prov Util PAA - Water	20,133	20,133	20,133	20,133	-	Actual
	Net Utility PAA - Water Plant	(162,892)	(162,892)	(162,892)	(162,892)	-	Actual
2665	Cash Unapplied-NSFs	(41)	(41)	(41)	(41)	-	Actual
2640	Cash in Bank	117,814	117,814	117,814	117,814	-	Actual
	Subtotal	117,814	117,814	117,814	117,814	-	Actual
2775	Special Deposits	6,100	6,100	6,100	6,100	-	Actual

2675	A/R - Customers	231,815	231,815	231,815	231,815	-	Actual
2710	A/R Assoc Cos	(170,790)	(170,790)	(170,790)	(170,790)	-	Actual
2685	A/R - Customer Refunds	(3,090)	(3,090)	(3,090)	(3,090)	-	Actual
2680	A/R - Customer Accrual	168,854	168,854	168,854	168,854	-	Actual
	Total A/R	226,789	226,789	226,789	226,789	-	Actual
	Accumulated Provision - Uncollectibles	-	0	-	-	-	Actual
2705	Prepaid Reimbursements	(300)	(300)	(300)	(300)	-	Actual
	Prepayments	(300)	(300)	(300)	(300)	-	Actual
2914	Rate Case In Progress	12,286	12,286	12,286	12,286	-	Actual
2915	Reg Exp being Amortized	86,428	86,428	86,428	86,428	-	Actual
2920	Rate Case being Amortized	10,907	10,907	10,907	10,907	-	Actual
2935	Orig Cost Expense	-	0	-	-	-	Actual
2930	Rate Case Accum Amort	(4,297)	(4,297)	(4,297)	(4,297)	-	Actual
2940	Orig Cost Accum Amort	(61)	(61)	(61)	(61)	-	Actual
	Regulatory Exp Being Amort	105,262	105,262	105,262	105,262	-	Actual
2960	Def Chgs - Tank Maint & Rep	302,572	302,572	302,572	302,572	-	Actual
2965	Def Chgs - Relocation Expenses	3,045	3,045	3,045	3,045	-	Actual
2980	Def Chgs - Emp Fees	1,788	1,788	1,788	1,788	-	Actual
3005	Def Chgs - Vocational Testing	1,760	1,760	1,760	1,760	-	Actual
3025	Def Chgs-PR Wash/Jet Swr M	350	350	350	350	-	Actual
3110	Amort - Tank Maint & Rep	(248,647)	(248,647)	(248,647)	(248,647)	-	Actual
3120	Amort - Relocation Exp	(1,701)	(1,701)	(1,701)	(1,701)	-	Actual
3135	Amort - Employee Fees	(1,224)	(1,224)	(1,224)	(1,224)	-	Actual
3975	Acc Amort Other Tang Plt	8,926	8,926	8,926	8,926	-	Actual
3180	Amort - PR Wash/Jet Swr Ma	(23)	(23)	(23)	(23)	-	Actual
3160	Amort - Vocational Testing	(1,811)	(1,811)	(1,811)	(1,811)	-	Actual
	Other Deferred Charges	65,035	65,035	65,035	65,035	-	Actual
	Total Assets	6,168,863	6,168,863	6,168,863	6,168,863	-	Actual
	D/T Fed - Other	-	0	-	-	-	Actual
4371	D/T Fed - Tap Fees	66	66	66	66	-	Actual
4375	D/T Fed - Rate Case	(29,067)	(29,067)	(29,067)	(29,067)	-	Actual
4377	D/T Fed - Def Maint	(26,699)	(26,699)	(26,699)	(26,699)	-	Actual
4383	D/T Fed - Orig Exp	(48,157)	(48,157)	(48,157)	(48,157)	-	Actual
4387	D/T Fed - Depreciation	(202,433)	(202,433)	(202,433)	(202,433)	-	Actual
	Total FED D-T	(306,290)	(306,290)	(306,290)	(306,290)	-	Actual
4433	D/T ST - Orig	(5,382)	(5,382)	(5,382)	(5,382)	-	Actual
4421	D/T ST - Tap Fee Post 2000	14	14	14	14	-	Actual
4425	D/T ST - Rate Case	(6,434)	(6,434)	(6,434)	(6,434)	-	Actual
4427	D/T ST - Def Maint	(5,907)	(5,907)	(5,907)	(5,907)	-	Actual
4437	D/T ST - Depreciation	10,684	10,684	10,684	10,684	-	Actual
	Total ST D-T	(7,025)	(7,025)	(7,025)	(7,025)	-	Actual
4760	Common Stock	(1,000)	(1,000)	(1,000)	(1,000)	-	Actual
4780	Paid In Capital	(2,834,076)	(2,834,076)	(2,834,076)	(2,834,076)	-	Actual
4785	Misc Paid In Capital	(1,889,943)	(1,889,943)	(1,889,943)	(1,889,943)	-	Actual
4998	Retained Earnings-Current	220,123	220,123	220,123	220,123	-	Actual
4999	Retained Earnings-Prior	48,356	48,356	48,356	48,356	-	Actual

1-0-1900



4515	A/P Trade	(15,106)	(15,106)	(15,106)	(15,106)	-	Actual
4520	A/P retirement plans	(72,418)	(72,418)	(72,418)	(72,418)	-	Actual
4525	A/P trade accrual	(6,653)	(6,653)	(6,653)	(6,653)	-	Actual
4527	A/P Trade Rec Not Vouch	(49,457)	(49,457)	(49,457)	(49,457)	-	Actual
	Accounts Payable Trade	<u>(143,634)</u>	<u>(143,634)</u>	<u>(143,634)</u>	<u>(143,634)</u>	-	
4565	Advances from UI	457,635	457,635	457,635	457,635	-	Actual
4535	A/P - Intercompany	(1,648,004)	(1,648,004)	(1,648,004)	(1,648,004)	-	Actual
	A/P Assoc Cos	<u>(1,190,369)</u>	<u>(1,190,369)</u>	<u>(1,190,369)</u>	<u>(1,190,369)</u>	-	
4595	Customer Deposits	(98,086)	(98,086)	(98,086)	(98,086)	-	Actual
4612	Accrued Taxes	27,452	27,452	27,452	27,452	-	Actual
4628	Accrued Real Estate Tax	(2,500)	(2,500)	(2,500)	(2,500)	-	Actual
4661	Accrued State Income Tax	7,935	7,935	7,935	7,935	-	Actual
4634	Accrued Use Tax	(17,656)	(17,656)	(17,656)	(17,656)	-	Actual
4635	ACCRUED USE TAX	(25)	(25)	(25)	(25)	-	Actual
4637	Accrued County Tax B	(48)	(48)	(48)	(48)	-	Actual
4649	Accrued City Tax B	(1,519)	(1,519)	(1,519)	(1,519)	-	Actual
4638	ACCRUED CITY TAX	(2,955)	(2,955)	(2,955)	(2,955)	-	Actual
	Total Accrued Taxes	<u>10,685</u>	<u>10,685</u>	<u>10,685</u>	<u>10,685</u>	-	
4685	Accrued Cust Dep Interest	(11,460)	(11,460)	(11,460)	(11,460)	-	Actual
3225	Adv In Aid of Constr-Water	(113,081)	(113,081)	(113,081)	(113,081)	-	Actual
3430	CIAC - Water	(74,378)	(74,378)	(74,378)	(74,378)	-	Actual
3980	Acc Amort Water - CIAC Tap	11	11	11	11	-	Actual
3435	CIAC - Water Tap	(221)	(221)	(221)	(221)	-	Actual
3800	Acc Amort CIA Water	-	0	-	-	-	Actual
	NET CIAC - Water	<u>(74,588)</u>	<u>(74,588)</u>	<u>(74,588)</u>	<u>(74,588)</u>	-	
	CIAC Other Tangible Plt	-	0	-	-	-	Actual
	CIAC - Tap	-	0	-	-	-	Actual
	Acc Amort CIA Sewer	-	0	-	-	-	Actual
	NET CIAC - Sewer	<u>-</u>	<u>0</u>	<u>-</u>	<u>-</u>	-	
	<b>Total Liabilities &amp; Equity</b>	<b>(6,438,743)</b>	<b>(6,438,743)</b>	<b>(6,438,743)</b>	<b>(6,438,743)</b>	-	
		<u>(269,880)</u>	<u>(269,880)</u>	<u>(269,880)</u>	<u>(269,880)</u>	-	
5025	Water Revenue-Metered	(1,536,463)	(1,536,463)	(1,536,463)	(1,536,463)	-	Actual
5030	Water revenue Accruals	1,550	1,550	1,550	1,550	-	Actual
5035	Water Revenue -Comm	(54,293)	(54,293)	(54,293)	(54,293)	-	Actual
5040	Water Revenue-Industrial	(765)	(765)	(765)	(765)	-	Actual
5045	Water Revenue-Public Authority	(38,923)	(38,923)	(38,923)	(38,923)	-	Actual
5060	Public Fire Protection	(1,454)	(1,454)	(1,454)	(1,454)	-	Actual
	Water Revenue	<u>(1,630,349)</u>	<u>(1,630,349)</u>	<u>(1,630,349)</u>	<u>(1,630,349)</u>	-	
5100	Sewer Revenue	-	0	-	-	-	Actual
5145	Sewer Solids Pumping Charge	-	0	-	-	-	Actual
5105	Sewer Revenue Accrual	(404)	(404)	(404)	(404)	-	Actual
5110	Sewer Revenue - Comm	-	0	-	-	-	Actual
	Sewer Revenue	<u>(404)</u>	<u>(404)</u>	<u>(404)</u>	<u>(404)</u>	-	
5265	Forfeited Discounts	(43,186)	(43,186)	(43,186)	(43,186)	-	Revenues
5270	Misc Service Revenues	(11,008)	(11,008)	(11,008)	(11,008)	-	Revenues
5405	Rev From Mgmt Services	(84,156)	(84,156)	(84,156)	(84,156)	-	Revenues
7640	Income From Mgmt Services	(46,796)	(46,796)	(46,796)	(46,796)	-	Actual
7655	Misc Inc Non Util	0	0	-	-	-	Customers
	Misc Service Revenues	<u>(141,960)</u>	<u>(141,960)</u>	<u>(141,960)</u>	<u>(141,960)</u>	-	
5435	Purchased Water-Water Sys	86,112	86,112	86,112	86,112	-	Actual
5440	Purchased Water-Sewer Sys	-	0	-	-	-	Actual
5445	Purchased Water - Billings	-	0	-	-	-	Actual
	Purchased Water	<u>86,112</u>	<u>86,112</u>	<u>86,112</u>	<u>86,112</u>	-	
5455	Purchased Sewer Trmnt	-	0	-	-	-	Actual
5460	Purchased Sewer - Billings	-	0	-	-	-	Actual
	Purchased Sewer	<u>-</u>	<u>0</u>	<u>-</u>	<u>-</u>	-	

5465	Electric Power-Water System	69,302	69,302	69,302	69,302	-	Actual
5470	Electric Power - Gas F-Maint Op	2,573	2,573	2,573	2,573	-	Actual
5471	Electric Power-Other	-	0	-	-	-	Customers
	Electric Power-Sewer System	-	0	-	-	-	Actual
	Total	71,875	71,875	71,875	71,875	-	
5480	Chlorine	38,255	38,255	38,255	38,255	-	Customers
5490	Other Treatment Chemicals	78,814	78,814	78,814	78,814	-	Customers
	Other Chemicals	-	0	-	-	-	Customers
	Total	117,069	117,069	117,069	117,069	-	
5495	Meter Reading	4,200	4,200	4,200	4,200	-	Actual
6155	Salaries - Operations Office	10,901	10,901	10,901	10,901	-	Customers
6115	Salaries - Admin	4,999	4,999	4,999	4,999	-	Customers
6160	Salaries Chgd to Pft - WSC	(72,686)	(72,686)	(72,686)	(72,686)	-	Customers
6120	Salaries Officers	32,846	32,846	32,846	32,846	-	Customers
6125	Salaries - HR	7,327	7,327	7,327	7,327	-	Customers
6130	Salaries - MIS	10,964	10,964	10,964	10,964	-	Customers
6135	Salaries - Leadership OPS	11,255	11,255	11,255	11,255	-	Customers
6110	Salaries - Accounting/Finance	28,702	28,702	28,702	28,702	-	Customers
6140	Salaries - Regulatory	17,231	17,231	17,231	17,231	-	Customers
6150	Salaries - Operations	484,230	484,230	484,230	484,230	-	Customers
6165	Cap Time Adj	(59,751)	(59,751)	(59,751)	(59,751)	-	Customers
6145	Salaries - Office	86,933	86,933	86,933	86,933	-	Customers
6105	Salaries - System Project	7,526	7,526	7,526	7,526	-	Customers
	Total	570,476	570,476	570,476	570,476	-	100.00%
5510	Uncollectible Accounts	17,795	17,795	17,795	17,795	-	Revenues
5505	Agency Expense	360	360	360	360	-	Revenues
	Total	18,156	18,156	18,156	18,156	-	
5740	Computer supplies	2,801	2,801	2,801	2,801	-	Customers
6025	Legal Fees	3,603	3,603	3,603	3,603	-	Customers
5755	Microfilming	171	171	171	171	-	Customers
6005	Accounting Studies	5,486	5,486	5,486	5,486	-	Customers
6045	Temporary Employment	8,565	8,565	8,565	8,565	-	Customers
5760	Website development	119	119	119	119	-	Customers
6010	Audit Fees	5,665	5,665	5,665	5,665	-	Customers
5735	Computer Maintenance	30,081	30,081	30,081	30,081	-	Customers
6015	Employ finder fees	2,794	2,794	2,794	2,794	-	Customers
6015	Payroll Services	1,655	1,655	1,655	1,655	-	Customers
6050	Other outside services	4,922	4,922	4,922	4,922	-	Customers
5750	Internet Supplier	740	740	740	740	-	Customers
6040	Tax Return Review	1,664	1,664	1,664	1,664	-	Customers
	Total	68,266	68,266	68,266	68,266	-	

5625	401K/ESOP Contributions	14,582	14,582	14,582	14,582	-	Salaries
5635	Dental Insurance Reimbursements	5,100	5,100	5,100	5,100	-	Salaries
5640	Emp Pension & Benefits	3	3	3	3	-	Salaries
5650	Health Costs & Other	2,040	2,040	2,040	2,040	-	Salaries
5655	Health Ins Reimbursements	82,791	82,791	82,791	82,791	-	Salaries
5665	Pension Contributions	10,353	10,353	10,353	10,353	-	Salaries
5645	Employee Ins Deduction	(17,235)	(17,235)	(17,235)	(17,235)	-	Salaries
5630	Dental Premiums	656	656	656	656	-	Salaries
5670	Term Life Insurance	2,445	2,445	2,445	2,445	-	Salaries
5675	Term Life Insurance - Opt	(8)	(8)	(8)	(8)	-	Salaries
5680	Depend Life Ins - Opt	(47)	(47)	(47)	(47)	-	Salaries
5690	Tuition	666	666	666	666	-	Salaries
5715	Insurance - other	56,158	56,158	56,158	56,158	-	Salaries
5660	Other Emp Pens & Benefits	9,991	9,991	9,991	9,991	-	Salaries
	Total	167,495	167,495	167,495	167,495	-	
6065	Rate Case Expense	4,358	4,358	4,358	4,358	-	Customers
6090	Rent	17,870	17,870	17,870	17,870	-	Customers
	Total	17,870	17,870	17,870	17,870	-	
5865	Copy Machine	772	772	772	772	-	Customers
5875	Holiday Events/Picnics	386	386	386	386	-	Customers
5855	Answering Service	418	418	418	418	-	Customers
5875	Kitchen Supplies	14	14	14	14	-	Customers
5880	Office Supply Stores	1,836	1,836	1,836	1,836	-	Customers
5885	Printing & Blueprints	1,797	1,797	1,797	1,797	-	Customers
5540	Billing postage	31,975	31,975	31,975	31,975	-	Customers
5545	Customer Service Printing	2,364	2,364	2,364	2,364	-	Customers
6385	Uniforms	7,507	7,507	7,507	7,507	-	Customers
6390	Weather-Hurricane Costs	(2)	(2)	(2)	(2)	-	Customers
5530	Billing computer supplies	450	450	450	450	-	Customers
5535	Billing envelopes	3,342	3,342	3,342	3,342	-	Customers
5860	Cleaning Supplies	106	106	106	106	-	Customers
5890	Publ Subscriptions	132	132	132	132	-	Customers
5525	Bill Stock	1,259	1,259	1,259	1,259	-	Customers
5975	Office Machine	348	348	348	348	-	Customers
5895	Shipping Charges	5,898	5,898	5,898	5,898	-	Customers
5900	Other Office Expenses	50,713	50,713	50,713	50,713	-	Customers
	Total	109,315	109,315	109,315	109,315	-	
5930	Office Electric	4,626	4,626	4,626	4,626	-	Customers
5940	Office Water	696	696	696	696	-	Customers
5935	Office Gas	2,750	2,750	2,750	2,750	-	Customers
5945	Office Telecom	48,499	48,499	48,499	48,499	-	Customers
5960	Alarm	4,317	4,317	4,317	4,317	-	Customers
	Total	60,888	60,888	60,888	60,888	-	
5970	Office Cleaning Service	5,337	5,337	5,337	5,337	-	Customers
5955	Landscaping, Mowing & Snowplow	5,671	5,671	5,671	5,671	-	Customers
5960	Other Office Utilities	229	229	229	229	-	Customers
5950	Office Garbage Removal	952	952	952	952	-	Customers
5965	Other Office Maintenance	2,911	2,911	2,911	2,911	-	Customers
	Total	15,100	15,100	15,100	15,100	-	
5810	Memberships Company	4,166	4,166	4,166	4,166	-	Customers
5815	Penalties	5	5	5	5	-	Customers
5820	Training	4,465	4,465	4,465	4,465	-	Customers
5790	Bank Charges	6,595	6,595	6,595	6,595	-	Customers
5800	Letter of Credit Fee	246	246	246	246	-	Customers
5805	License Fees	1,163	1,163	1,163	1,163	-	Customers
5825	Other Misc. General	3,020	3,020	3,020	3,020	-	Customers
	Total	19,659	19,659	19,659	19,659	-	
6355	Deferred Maintenance expense	70,378	70,378	70,378	70,378	-	Actual
6310	Water-Other Maint Exp	32,507	32,507	32,507	32,507	-	Actual
6285	Water-Maintenance Supplies	6,070	6,070	6,070	6,070	-	Actual
6290	Water-Maintenance Repairs	8,617	8,617	8,617	8,617	-	Actual
6295	Water Main Breaks	2,709	2,709	2,709	2,709	-	Actual
6300	Water-Floc Equip Repair	4,766	4,766	4,766	4,766	-	Actual
	Total	125,047	125,047	125,047	125,047	-	
6325	Sewer-Main Breaks	425	425	425	425	-	Actual
6345	Sewer-Other Maint Exp	41	41	41	41	-	Actual
6400	Sewer-Sewer Rodding	3,500	3,500	3,500	3,500	-	Actual
	Total	3,966	3,966	3,966	3,966	-	
6370	Oper contracted workers	1,765	1,765	1,765	1,765	-	Customers
6380	Repairs & Maint - Land	1,025	1,025	1,025	1,025	-	Customers
6360	Communication Exp	13,681	13,681	13,681	13,681	-	Customers
	Total	16,471	16,471	16,471	16,471	-	

6255	Water Tests	33,513	33,513		33,513	33,513	-	
6260	Testing Equipment & Chemicals	14,715	14,715	(1)	14,715	14,715	-	Actual
6265	Safe Water Drinking Test	1,650	1,650		1,650	1,650	-	Customers
6270	Sewer Tests	1,528	1,528	(1)	1,528	1,528	-	
	Total	51,405	51,405		51,405	51,405	-	Actual
6215	Fuel	27,671	27,671		27,671	27,671	-	
6220	Auto Repair	10,799	10,799		10,799	10,799	-	Customers
6185	Travel Lodging	14,364	14,364		14,364	14,364	-	Customers
6190	Travel Airfare	2,393	2,393		2,393	2,393	-	Customers
6195	Travel Transportation	736	736		736	736	-	Customers
6200	Travel Meals	1,902	1,902		1,902	1,902	-	Customers
6205	Travel Entertainment	127	127		127	127	-	Customers
6225	Auto Licenses	222	222		222	222	-	Customers
6230	Operators Trans Reimb	2,064	2,064		2,064	2,064	-	Customers
	Total	60,278	60,278		60,278	60,278	-	Customers
6640	Depreciation-Organization	(117)	(117)		(117)	(117)	-	
6710	Depreciation-Sewer Force Main SR	2	2		2	2	-	Actual
6715	Depreciation-Sewer Gravity Main	1	1		1	1	-	Actual
6760	Depreciation-Treat/Disp Equip L.A	1	1		1	1	-	Actual
6620	Depreciation-Other Tang Ph Water	2,099	2,099		2,099	2,099	-	Actual
6445	Depreciation - Organization	3,260	3,260		3,260	3,260	-	Actual
6465	Depreciation - Wells & Springs	9,371	9,371		9,371	9,371	-	Actual
6485	Depreciation - Structures & Improvements (Pump Plt)	2,004	2,004		2,004	2,004	-	Actual
6505	Depreciation - Electric Pumping Equipment	(5,384)	(5,384)		(5,384)	(5,384)	-	Actual
6510	Depreciation-Elec Pump Eq WTP	17,236	17,236		17,236	17,236	-	Actual
6515	Depreciation-Elec Pump Eq Trans	46	46		46	46	-	Actual
6460	Depreciation - Structures & Improvements (Water TP)	8,590	8,590		8,590	8,590	-	Actual
6470	Depreciation-Struct & Imprv Gen	1,516	1,516		1,516	1,516	-	Actual
6520	Depreciation - Water Treatment Equipment	11,313	11,313		11,313	11,313	-	Actual
6525	Depreciation - Distribution Reservoirs & Standpipes	10,417	10,417		10,417	10,417	-	Actual
6530	Depreciation - Transmission & Distribution Mains	57,167	57,167		57,167	57,167	-	Actual
6535	Depreciation - Service Lines	13,287	13,287		13,287	13,287	-	Actual
6540	Depreciation - Meters	12,336	12,336		12,336	12,336	-	Actual
6545	Depreciation - Meter Installations	5,529	5,529		5,529	5,529	-	Actual
6550	Depreciation - Hydrants	7,205	7,205		7,205	7,205	-	Actual
6580	Depreciation-Office Structures	2,531	2,531		2,531	2,531	-	Actual
6585	Depreciation-Office Furniture	1,687	1,687		1,687	1,687	-	Customers
6905	Depreciation-Transportation	63,282	63,282		63,282	63,282	-	Customers
6920	Depreciation-Computer	30,307	30,307		30,307	30,307	-	Customers
6595	Depreciation - Tools, Shop, & Miscellaneous Equipment	5,004	5,004		5,004	5,004	-	Customers
6600	Depreciation - Laboratory Equipment	867	867		867	867	-	Customers
6985	Amortization - Organization	800	800		800	800	-	Customers
5745	Computer-Amort & Prog Costs	3,306	3,306		3,306	3,306	-	Customers
6610	Depreciation - Communication Equipment	967	967		967	967	-	Customers
	Total	264,633	264,633		264,633	264,633	-	Customers
7160	Amort-Other Tangible Plt Water	(2,309)	(2,309)		(2,309)	(2,309)	-	Actual
7165	Amort - Water Tap	(4)	(4)		(4)	(4)	-	Actual
6960	Amort of Util - PAA - Water	(3,660)	(3,660)		(3,660)	(3,660)	-	Actual

7510	FICA Expense	52,685	52,685	52,685	52,685	-	Salaries
7520	ST Unemployment Tax	4,471	4,471	4,471	4,471	-	Salaries
7515	Federal Unemployment Tax	995	995	995	995	-	Salaries
	Total	58,150	58,150	58,150	58,150	-	
7570	Utility Commission Tax	2,415	2,415	2,415	2,415	-	Revenues
7550	Property and Other General Taxes	(26,353)	(26,353)	(26,353)	(26,353)	-	Customers
7555	Real Estate Tax	41,052	41,052	41,052	41,052	-	Customers
7545	Personal Property Tax	6,130	6,130	6,130	6,130	-	Customers
7560	Sales - Use Tax	150	150	150	150	-	Revenues
7535	Franchise Tax	6,476	6,476	6,476	6,476	-	Customers
	Total	29,871	29,871	29,871	29,871	-	
7595	Def Income Taxes-Fed	(52,570)	(52,570)	(52,570)	(52,570)	-	Revenues
7600	Def Income Taxes-State	(11,638)	(11,638)	(11,638)	(11,638)	-	Revenues
7605	Income Taxes-Federal	(89,776)	(89,776)	(89,776)	(89,776)	-	Revenues
7610	Income Taxes-State	386	386	386	386	-	Revenues
	Total	(153,598)	(153,598)	(153,598)	(153,598)	-	
7710	Interest Expense - Interest	263,822	263,822	263,822	263,822	-	Net Plant
7750	Interest During Construction	(15,229)	(15,229)	(15,229)	(15,229)	-	Net Plant
7735	S-T Int Exp Customer Deposits	7,190	7,190	7,190	7,190	-	Customers
7735	S-T Int Exp Charges	659	659	659	659	-	Customers
7735	S-T Int Exp Other	(107)	(107)	(107)	(107)	-	Customers
	Short Term Interest Expense	7,742	7,742	7,742	7,742	-	
	Net Income	(221,524)	(221,524)	(221,524)	(221,524)	-	
	% of Net Income W&S			100.00%	0.00%		
Total Balance Variance							
Total	Balance Sheet		(269,880)				
Total	Income Statement		221,524				
Total	Total Balance		(48,356)				
NET INCOME		(221,524)	(221,524)	(221,524)	(221,524)	-	

	Revenue		Customers	
	Actual	%	Actual	%
Water	(1,536,463)	100.00%	7,991	100.00%
Sewer	-	0.00%	-	0.00%
Total	(1,536,463)	100.00%	7,991	100.00%
	Plant in Service		Net Plant	
	Actual	%	Actual	%
Water	9,544,117	100.00%	5,770,333	100.00%
Sewer	-	0.00%	-	0.00%
Total	9,544,117	100.00%	5,770,333	100.00%
	Deferred Maintenance		CIAC	
	Actual	%	Actual	%
Water	170,297	100.00%	(74,588)	100.00%
Sewer	-	0.00%	-	0.00%
Total	170,297	100.00%	(74,588)	100.00%

Notes:

(1) Moved sewer testing costs into testing and chemicals, since WSC of KY does not have a sewer system.

WATER SERVICE CORPORATION OF KENTUCKY

Balance Sheet  
June 30, 2008

Schedule A

<u>Assets</u>		<u>Liabilities and Other Credits</u>	
Plant In Service		Capital Stock and Retained Earnings	
Water	\$ 9,544,117	Common Stock and Paid In Capital	\$ 4,725,019
Sewer	-	Retained Earnings	(490,003)
Total	<u>9,544,117</u>	Total	<u>4,235,016</u>
Accumulated Depreciation-Water	(3,773,784)	Current and Accrued Liabilities	
Accumulated Depreciation-Sewer	-	Accounts Payable-Trade	143,634
Total	<u>(3,773,784)</u>	Taxes Accrued	(10,685)
Net Utility Plant	<u>5,770,333</u>	Customer Deposits	98,086
		Customer Deposits - Interest	11,460
		A/P - Assoc. Companies	1,190,369
		Total	<u>1,432,863</u>
Plant Acquisition Adjustment-Water	(162,892)	Advances In Aid of Construction	
Plant Acquisition Adjustment-Sewer	-	Water	113,081
Total	<u>(162,892)</u>	Sewer	-
		Total	<u>113,081</u>
Construction Work In Process-Water	40,763	Contributions In Aid of Construction	
Construction Work In Process-Sewer	-	Water	74,588
Total	<u>40,763</u>	Sewer	-
		Total	<u>74,588</u>
Current Assets		Accumulated Deferred Income Tax	
Cash	117,773	Unamortized ITC	
Accounts Receivable - Net	226,789	Deferred Tax - Federal	306,290
Other Current Assets	5,800	Deferred Tax - State	7,025
Total	<u>350,362</u>	Total	<u>313,316</u>
Deferred Charges	<u>170,297</u>	TOTAL LIABILITIES AND OTHER CREDITS	\$ <u>6,168,863</u>
TOTAL ASSETS	\$ <u>6,168,863</u>		

	Per Books	Pro Forma Adjustments		Pro Forma Present	Proposed Increase		Pro Forma Proposed
<b>Operating Revenues</b>							
Service Revenues - Water	\$ 1,630,349	\$ 730	[l]	\$ 1,631,079	\$ 816,101	[a]	\$ 2,447,180
Service Revenues - Sewer	404			404			404
Miscellaneous Revenues	54,195			54,195			54,195
Uncollectible Accounts	(18,156)			(18,156)	(9,084)	[b]	(27,240)
<b>Total Operating Revenues</b>	<b>1,666,792</b>	<b>730</b>		<b>1,667,522</b>	<b>807,017</b>		<b>2,474,539</b>
<b>Maintenance Expenses</b>							
Salaries and Wages	484,230	(79,240)	[c]	404,991			404,991
Purchased Power	71,875	2,526	[j]	74,400			74,400
Purchased Water	86,112	3,026	[j]	89,138			89,138
Maintenance and Repair	145,484	4,530	[j][n]	150,014			150,014
Maintenance Testing	51,405	1,806	[j]	53,212			53,212
Meter Reading	4,200	148	[j]	4,348			4,348
Chemicals	117,069	4,114	[j]	121,183			121,183
Transportation/Travel/Meals	60,278	1,252	[j][n]	61,530			61,530
Operating Exp. Charged to Plant	(132,437)	12,911	[k]	(119,526)			(119,526)
Outside Services - Other	68,266	145	[j][n]	68,411			68,411
<b>Total</b>	<b>956,482</b>	<b>(48,784)</b>		<b>907,698</b>	<b>-</b>		<b>907,698</b>
<b>General Expenses</b>							
Salaries and Wages	218,683	(23,805)	[c]	194,878			194,878
Office Supplies & Other Office Exp.	127,721	2,993	[j][n]	130,714			130,714
Regulatory Commission Exp.	4,358	39,379	[d]	43,737			43,737
Pension & Other Benefits	111,337	26,471	[c]	137,808			137,808
Rent	17,870	609	[j][n]	18,479			18,479
Insurance	56,158	8,989	[n]	65,147			65,147
Office Utilities	60,888	1,399	[j][n]	62,287			62,287
Miscellaneous	19,659	44	[j][n]	19,703			19,703
<b>Total</b>	<b>616,674</b>	<b>56,079</b>		<b>672,754</b>	<b>-</b>		<b>672,754</b>
<b>Provision for Other Than Income</b>	<b>261,323</b>	<b>(2,391)</b>	<b>[e]</b>	<b>258,932</b>			<b>258,932</b>
Income Taxes - Federal	88,021	(10,271)	[f]	77,751	11,210	[f]	88,960
Income Taxes - State	(89,776)	(60,580)	[g]	(150,356)	256,638	[g]	106,283
Defer. Inc Taxes - Fed	386	(18,812)	[g]	(18,426)	40,989	[g]	22,563
Defer. Inc Taxes - State	(52,570)			(52,570)			(52,570)
Expense Reduction Related to Clinton Sewer Operations	(11,638)			(11,638)			(11,638)
Amortization of PAA	(130,952)	59,719	[m]	(71,233)			(71,233)
Amortization of CIAC and AJAC	-	-	[e]	-			-
	(2,309)	(872)	[e]	(3,181)			(3,181)
<b>Total</b>	<b>62,486</b>	<b>(33,207)</b>		<b>29,279</b>	<b>308,837</b>		<b>338,116</b>
<b>Total Operating Expenses</b>	<b>1,635,642</b>	<b>(25,911)</b>		<b>1,609,731</b>	<b>308,837</b>		<b>1,918,568</b>
<b>Net Operating Income</b>	<b>\$ 31,150</b>	<b>\$ 26,641</b>		<b>\$ 57,791</b>	<b>\$ 498,180</b>		<b>\$ 555,971</b>
Interest During Construction	(15,229)	15,229	[h]	-			-
Interest on Debt	271,564	(57,347)	[i]	214,217			214,217
<b>Net Income</b>	<b>\$ (225,185)</b>	<b>\$ 68,759</b>		<b>\$ (156,426)</b>	<b>\$ 498,180</b>		<b>\$ 341,754</b>



- [a] Revenues are annualized at proposed rates using the actual test year customers.
- [b] Uncollectible accounts are adjusted based on the percentage of uncollectible accounts to revenues in the test year applied to pro forma proposed revenues.
- [c] Salaries, wages and benefits are adjusted accordingly to reflect upcoming increases in salaries.
- [d] Regulatory commission expense has been adjusted to reflect the cost of the current rate case over 3 years.
- [e] Depreciation and amortization expense are annualized. Depreciation expense represents gross depreciable plant at 6/30/08 plus actual and estimated general ledger additions, actual and estimated net capital projects additions, and actual and estimated capitalized time additions, multiplied by the depreciation rate of 2.00% for water plant, and 25% for vehicles and 12.50% for computers.
- [f] Taxes other than income are adjusted for annualized payroll taxes, utility commission taxes, real estate taxes, and gross receipts taxes.
- [g] Income taxes are computed on taxable income at current rates (34% federal and the stepped state rate).
- [h] AFUDC is eliminated for rate making purposes.
- [i] Interest on debt has been computed using a 46.97% / 53.03% debt / equity ratio and a 6.58% cost of debt. The 53.03% and 6.58% are multiplied by pro forma present rate base to determine interest on debt.
- [j] A 3.514% adjustment has been made to account for the increase in the consumer price index since acquisition.
- [k] Operating expense charged to plant has been adjusted for projected increases in salaries, taxes, and benefits for operators.
- [l] Revenues are adjusted to bring present revenues to the amount calculated from consumption information.
- [m] Expenses for Clinton sewer operations have been reduced to actual expense reductions.
- [n] Reallocations of WSC and regional expenses based on the change in ERC factor.

Utilities Inc  
Income Statement - CSV Output

For the Six Months Ending June 30, 2008  
Object Account Description

	Year to Date Actual Per Books	1Q 2008 WSC Reallocation	2Q 2008 WSC Reallocation	1Q 2008 Regional Reallocation	2Q 2008 Regional Reallocation	6/30/2008 State Allocations	Total Reallocation	Adjustment
BILLING & CUSTOMER SERVICE								
5525 BILL STOCK	509.39	343.15 A	122.25 A	-	-	-	-	-
5530 BILLING COMPUTER SUPPLIES	107.42	83.26 A	14.82 A	-	-	-	465.40	(43.99)
5535 BILLING ENVELOPES	1,914.03	538.26 A	1,215.84 A	-	-	-	98.08	(9.34)
5540 BILLING POSTAGE	12,573.15	5,658.82 A	5,839.30 A	-	-	-	1,754.10	(159.93)
5545 CUSTOMER SERVICE PRINTING	661.64	19.52 A	573.36 A	-	-	-	11,498.13	(1,075.02)
BILLING & CUSTOMER SERVICE	15,765.63	6,643.02 A	7,765.57 A	-	9.86 A	-	602.74	(58.90)
INSURANCE EXPENSE								
5700 INSURANCE-VEHICLE	-	-	-	-	-	-	-	-
5705 INSURANCE-GEN LIAB	-	-	-	-	-	-	-	-
5710 INSURANCE-WORKERS COMP	-	-	-	-	-	-	-	-
5715 INSURANCE-OTHER	34,923.88	16,873.06 B	15,036.80 B	-	-	-	-	-
INSURANCE EXPENSE	34,923.88	16,873.06 B	15,036.80 B	-	-	-	31,909.86	(3,014.02)
IT DEPARTMENT								
5735 COMPUTER MAINTENANCE	11,406.91	7,125.70 C	3,296.91 C	-	-	-	-	-
5740 COMPUTER SUPPLIES	2,291.99	587.62 C	1,509.11 C	-	-	-	10,422.62	(984.29)
5745 COMPUTER AMORT & PROG COST	12.59	(773.28) C	706.51 C	-	-	-	2,096.73	(195.26)
5750 INTERNET SUPPLIER	360.36	145.53 C	184.05 C	-	-	89.93 C	23.17	10.58
5755 MICROFILMING	71.15	62.99 C	1.86 C	-	-	-	329.58	(30.78)
5760 WEBSITE DEVELOPMENT	63.91	58.27 C	- C	-	-	-	64.85	(6.30)
IT DEPARTMENT	14,206.91	7,206.85 C	5,698.44 C	-	-	89.93 C	58.27	(5.64)
MISCELLANEOUS EXPENSE								
5785 ADVERTISING/MARKETING	-	-	-	-	-	-	-	-
5790 BANK SERVICE CHARGE	-	-	-	-	-	-	-	-
5795 CONTRIBUTIONS	4,716.27	3,889.15 D	414.28 D	-	-	-	4,303.43	(412.84)
5800 LETTER OF CREDIT FEE	246.01	224.29 D	- D	-	-	-	224.29	(21.72)
5805 LICENSE FEES	-	-	-	-	-	-	-	-
5810 MEMBERSHIPS	8.53	3.26 D	4.57 D	-	-	-	-	-
5815 PENALTIES/FINES	(0.45)	-	-	-	-	-	7.83	(0.70)
5820 TRAINING EXPENSE	-	-	-	-	-	-	-	0.45
5825 OTHER MISC EXPENSE	1,831.21	1,296.24 D	320.22 D	56.61 D	-	-	1,673.08	(158.13)
MISCELLANEOUS EXPENSE	625.64	259.69 D	312.38 D	-	-	-	572.07	(53.57)
MISCELLANEOUS EXPENSE	7,427.21	5,672.63 D	1,051.46 D	56.61 D	-	-	6,780.70	(646.51)
OFFICE EXPENSE								
5855 ANSWERING SERVICE	31.14	28.38 B	- E	-	-	-	-	-
5860 CLEANING SUPPLIES	51.77	24.18 B	23.06 E	-	-	-	28.38	(2.76)
5865 COPY MACHINE	57.34	52.27 E	- E	-	-	-	47.24	(4.53)
5870 HOLIDAY EVENTS/PICNICS	-	- E	- E	-	-	-	52.27	(5.07)
5875 KITCHEN SUPPLIES	14.05	- E	12.81 E	-	-	-	-	-
5880 OFFICE SUPPLY STORES	60.30	21.77 E	28.39 E	528.83 E	(522.51) E	-	12.81	(1.24)
5885 PRINTING/BLUEPRINTS	66.60	27.92 E	33.11 E	-	-	-	56.48	(3.82)
5890 PUBL SUBSCRIPTIONS/TAPES	52.16	21.37 E	26.46 E	-	-	-	61.03	(5.57)
5895 SHIPPING CHARGES	9.46	0.22 E	8.50 E	-	-	-	47.82	(4.34)
5900 OTHER OFFICE EXPENSES	1,272.68	599.82 E	559.27 E	3.47 E	-	-	8.72	(0.74)
OFFICE EXPENSE	1,615.50	775.93 E	691.60 E	532.30 E	(522.51) E	-	1,477.31	(138.19)
OFFICE UTILITIES/MAINTENANC								
5930 OFFICE ELECTRIC	492.51	239.05 F	211.06 F	-	-	-	450.12	(42.39)
5935 OFFICE GAS	130.73	76.72 F	50.26 F	-	-	-	126.98	(11.75)
5940 OFFICE WATER	14.18	8.58 F	4.38 F	-	-	-	12.96	(1.22)
5945 OFFICE TELECOM	6,288.10	2,505.87 F	2,891.93 F	17.75 F	-	-	5,780.10	(508.00)
5950 OFFICE GARBAGE REMOVAL	72.29	57.99 F	7.99 F	-	-	364.55 F	65.98	(6.31)
5955 OFFICE LANDSCAPE / MOW / P	356.39	261.58 F	63.61 F	-	-	-	325.19	(31.20)

5960	OFFICE ALARM SYS PHONE EXP	121.40	103.85	F	6.87	F	-	-	-	110.72	(10.68)	
5965	OFFICE MAINTENANCE	564.97	238.62	F	277.55	F	-	-	-	516.16	(48.81)	
5970	OFFICE CLEANING SERVICE	510.32	276.37	F	190.01	F	-	-	-	466.38	(43.94)	
5975	OFFICE MACHINE/HEAT&COOL	342.84	58.98	F	254.07	F	-	-	-	313.05	(29.79)	
5980	OTHER OFFICE UTILITIES	79.78	-	F	-	F	-	-	73.59	73.59	(6.19)	
5985	TELEMETERING PHONE EXPENSE	-	-	F	-	F	-	-	-	-	-	
	<b>OFFICE UTILITIES/MAINTENANC</b>	<b>8,981.51</b>	<b>3,827.60</b>	<b>F</b>	<b>3,957.73</b>	<b>F</b>	<b>17.75</b>	<b>P</b>	<b>73.59</b>	<b>P</b>	<b>364.55</b>	<b>F</b>
										<b>8,241.22</b>	<b>(740.29)</b>	
	<b>OUTSIDE SERVICE EXPENSE</b>											
6005	ACCOUNTING STUDIES	-	-	-	-	-	-	-	-	-	-	
6010	AUDIT FEES	2,243.29	2,681.73	G	(643.89)	G	-	-	-	2,037.84	(205.45)	
6015	EMPLOY FINDER FEES	9.57	-	G	8.81	G	-	-	-	8.81	(0.76)	
6020	ENGINEERING FEES	-	-	G	-	G	-	-	-	-	-	
6025	LEGAL FEES	1,304.83	149.09	G	1,049.76	G	-	-	-	1,198.86	(105.97)	
6030	MANAGEMENT FEES	-	-	G	-	G	-	-	-	-	-	
6035	PAYROLL SERVICES	970.73	434.36	G	452.68	G	-	-	-	887.04	(83.69)	
6040	TAX RETURN REVIEW	1,140.79	513.79	G	517.64	G	-	-	-	1,031.43	(109.36)	
6045	TEMP EMPLOY - CLERICAL	3,164.74	942.54	G	1,953.36	G	-	-	-	2,895.89	(268.85)	
6050	OTHER OUTSIDE SERVICES	3,091.36	2,242.47	G	581.05	G	-	-	-	2,823.53	(267.83)	
	<b>OUTSIDE SERVICE EXPENSE</b>	<b>11,925.31</b>	<b>6,963.98</b>	<b>G</b>	<b>3,919.41</b>	<b>G</b>				<b>10,883.39</b>	<b>(1,041.92)</b>	
	<b>RENT EXPENSE</b>											
6090	RENT	6,505.34	-	-	-	-	236.08	G1	-	6,250.00	G1	
	<b>RENT EXPENSE</b>	<b>6,505.34</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>236.08</b>	<b>G1</b>	<b>-</b>	<b>6,486.08</b>	<b>(19.26)</b>	
										<b>6,486.08</b>	<b>(19.26)</b>	
	<b>TRAVEL EXPENSE</b>											
6185	TRAVEL LODGING	2,857.33	2,251.40	H	316.28	H	56.61	H	-	2,624.29	(233.04)	
6190	TRAVEL AIRFARE	838.40	243.51	H	302.37	H	160.25	H	-	706.13	(132.27)	
6195	TRAVEL TRANSPORTATION	353.42	226.20	H	52.49	H	43.20	H	-	321.90	(31.52)	
6200	TRAVEL MEALS	177.70	75.15	H	217.24	H	53.63	H	-	346.01	(31.69)	
6205	TRAVEL ENTERTAINMENT	34.53	17.23	H	14.34	H	-	H	-	31.57	(2.96)	
6207	TRAVEL OTHER	-	-	H	-	H	-	H	-	-	-	
	<b>TRAVEL EXPENSE</b>	<b>4,461.38</b>	<b>2,813.49</b>	<b>H</b>	<b>902.72</b>	<b>H</b>	<b>313.70</b>	<b>H</b>	<b>-</b>	<b>4,029.90</b>	<b>(431.48)</b>	
	<b>FLEET TRANSPORTATION EXPENS</b>											
6215	FUEL	17,145.21	(26.73)	I	-	-	-	-	17,174.53	I	17,147.80	2.59
6220	AUTO REPAIR/TIRES	4,839.24	(3.32)	I	-	-	-	-	4,842.89	I	4,839.57	0.33
6225	AUTO LICENSES	4.80	1.95	I	2.43	I	-	-	-	4.38	(0.42)	
6230	OTHER TRANS EXPENSES	77.59	-	I	-	-	-	-	71.60	I	71.60	(5.99)
	<b>FLEET TRANSPORTATION EXPENS</b>	<b>22,066.84</b>	<b>(28.10)</b>	<b>I</b>	<b>2.43</b>	<b>I</b>	<b>-</b>	<b>-</b>	<b>71.60</b>	<b>I</b>	<b>22,017.42</b>	<b>(3.50)</b>
	<b>MAINTENANCE TESTING</b>											
6255	TEST-WATER	-	-	-	-	-	-	-	-	-	-	
6355	DEFERRED MAINT EXPENSE	5,033.55	124.52	J	4,451.35	J	-	-	-	4,575.87	(457.68)	
6360	COMMUNICATION EXPENSE	3.52	-	-	-	-	3.21	J	-	3.21	(0.31)	
6365	EQUIPMENT RENTALS	-	-	-	-	-	-	-	-	-	-	
6370	OPER CONTRACTED WORKERS	-	-	-	-	-	-	-	-	-	-	
6375	OUTSIDE LAB FEES-LAB, LAND	-	-	-	-	-	-	-	-	-	-	
6380	REPAIRS & MAINT-MAINT, LAND	-	-	-	-	-	-	-	-	-	-	
6385	UNIFORMS	1.74	1.58	J	-	-	-	-	-	1.58	(0.16)	
6390	WEATHER/HURRICANE COSTS	(2.02)	-	-	-	-	-	-	-	-	2.02	
	<b>MAINTENANCE-WTR&amp;SWR PLANT</b>	<b>5,036.79</b>	<b>-</b>	<b>-</b>	<b>4,451.35</b>	<b>J</b>	<b>3.21</b>	<b>J</b>	<b>-</b>	<b>4,454.56</b>	<b>(582.23)</b>	
	<b>PROPERTY &amp; OTHER TAXES</b>											
7535	FRANCHISE TAX	1.65	1.50	K	-	-	-	-	-	1.50	(0.15)	
7540	GROSS RECEIPTS TAX	-	-	-	-	-	-	-	-	-	-	
7545	PERSONAL PROPERTY/ICT TAX	-	-	-	-	-	-	-	-	-	-	
7550	PROPERTY/OTHER GENERAL TAX	47.66	(404.37)	K	450.40	K	-	-	-	46.02	(1.64)	
7555	REAL ESTATE TAX	932.23	849.91	K	-	-	-	-	-	849.91	(82.32)	
7560	SALES/USE TAX EXPENSE	-	-	-	-	-	-	-	-	-	-	
7565	SPECIAL ASSESSMENTS	-	-	-	-	-	-	-	-	-	-	
7570	UTILITY/COMMISSION TAX	-	-	-	-	-	-	-	-	-	-	
	<b>PROPERTY &amp; OTHER TAXES</b>	<b>981.54</b>	<b>447.05</b>	<b>K</b>	<b>450.40</b>	<b>K</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>897.44</b>	<b>(84.10)</b>	

	Per Restatement	Pro Forma Adjustments	As Adjusted	Proposed Increase	Effect of Proposed Increase
Net Operating Income	\$ 31,150	26,641	\$ 57,791	498,180	\$ 555,971
Gross Plant In Service	\$ 9,580,400 [a]	103,527 [f]	9,683,927	-	\$ 9,683,927
Accumulated Depreciation	(3,332,923) [b]	(2,071) [e]	(3,334,993)	-	(3,334,993)
Net Plant In Service	6,247,477	101,457	6,348,934	-	6,348,934
Cash Working Capital	207,647	(372) [c]	207,275	-	207,275
Contributions In Aid of Construction	(45,962) [b]	872 [b]	(45,089)	-	(45,089)
Advances in Aid of Construction	(84,684) [b]	-	(84,684)	-	(84,684)
Accumulated Deferred Income Taxes	(313,316)	-	(313,316)	-	(313,316)
Customer Deposits	(109,546)	-	(109,546)	-	(109,546)
Reduction for Transportation Equipment	-	(6,036) [g]	(6,036)	-	(6,036)
WSC/regional - rate base adjustment	-	(36,911) [h]	(36,911)	-	(36,911)
CCB - new billing system	-	178,715 [d]	178,715	-	178,715
Total Rate Base	\$ 5,901,617	\$ 237,725	\$ 6,139,342	\$ -	\$ 6,139,342
Return on Rate Base	0.53%		0.94%		9.06%

[a] Gross plant in service has been restated to account for an asset that was not booked at the time of acquisition.

[b] Accumulated depreciation, CIAC, and AIAC have been restated to reflect a 2% depreciation rate from the time the assets or liabilities were put in service.

[c] Working capital is calculated based on pro forma maintenance expenses, pro forma general expenses, and taxes other than income.

[d] CCB - new billing system allocated based on ERCs closed out in July of 2008.

[e] Accumulated depreciation is adjusted for planned additional capital investments, invoiced and estimated additions to gross plant in service, and completed and estimated additions to capitalized time.

[f] July 2008 through March 2009 actual invoiced general ledger and capitalized time additions, plus estimated invoiced general ledger additions through the hearing date. This is only an estimate. The Company will only be requesting rate base treatment on actual capital expenditures through the hearing date.

[g] Transportation equipment has been reduced due to operator time for Clinton sewer operations.

[h] WSC/regional rate base adjustment.

		Gallorage	Units	Revenue	Total Water Revenue	Revenue per T/B	Difference
<b>MIDDLESBORO</b>							
16001	170 5/8" residential city w/ school tax	77,519,923	17,328	\$ 203,404	\$ 203,404	\$ -	\$ 203,404
16001	171 5/8" residential city w/ school tax	61,042,000	13,893	222,343	222,343	-	222,343
16001	172 5/8" residential city w/ school tax	46,876,500	11,187	173,118	173,118	-	173,118
16001	173 5/8" residential city w/ school tax	38,897,270	9,839	145,724	145,724	-	145,724
16011	170 5/8" commercial city w/ school tax and KY state sales tax	11,071,289	2,415	32,102	32,102	-	32,102
16011	171 5/8" commercial city w/ school tax and KY state sales tax	4,546,900	856	15,730	15,730	-	15,730
16011	172 5/8" commercial city w/ school tax and KY state sales tax	5,544,400	1,084	19,340	19,340	-	19,340
16011	173 5/8" commercial city w/ school tax and KY state sales tax	4,402,600	1,460	18,305	18,305	-	18,305
16012	171 3/4" commercial city w/ school tax and KY state sales tax	43,200	11	424	158	-	158
16031	170 5/8" residential county w/ school tax	4,597,200	823	15,363	15,363	-	15,363
16031	171 5/8" residential county w/ school tax	1,549,000	300	5,431	5,431	-	5,431
16031	172 5/8" residential county w/ school tax	12,254,800	2,453	42,570	42,570	-	42,570
16031	173 5/8" residential county w/ school tax	16,377,800	4,051	61,041	61,041	-	61,041
16041	171 5/8" commercial county w/ school tax and KY state sales tax	2,400	11	74	74	-	74
16041	172 5/8" commercial county w/ school tax and KY state sales tax	77,400	8	239	239	-	239
16041	173 5/8" commercial county w/ school tax and KY state sales tax	-	231	1,557	1,557	-	1,557
16071	170 5/8" industrial city w/ school tax and KY state sales tax	371,000	61	980	980	-	980
16071	171 5/8" industrial city w/ school tax and KY state sales tax	545,200	11	1,373	1,373	-	1,373
16071	173 5/8" industrial city w/ school tax and KY state sales tax	58,600	11	204	204	-	204
16081	170 5/8" commercial city w/ school tax	1,082,400	242	3,615	3,615	-	3,615
16081	171 5/8" commercial city w/ school tax	579,400	132	2,124	2,124	-	2,124
16081	172 5/8" commercial city w/ school tax	63,800	66	514	514	-	514
16091	170 5/8" government city w/ school tax	198,800	89	912	912	-	912
16091	171 5/8" government city w/ school tax	135,200	55	653	653	-	653
16091	172 5/8" government city w/ school tax	1,600,800	33	3,702	3,702	-	3,702
16091	173 5/8" government city w/ school tax	54,200	25	280	280	-	280
16091	173 5/8" government city w/ school tax	68,800	22	276	276	-	276
		<u>289,560,882</u>	<u>66,697</u>	<u>\$ 971,398</u>	<u>\$ 971,132</u>	<u>\$ -</u>	<u>\$ 971,132</u>

Rates per 1,000 gallons (minimum 1,000):

First 1,000	\$ 6.74
Next 9,000	2.71
Next 15,000	2.47
Next 25,000	2.35
Next 50,000	2.10
Over 100,000	1.92

16003	170 1" residential city w/ school tax	617,960	122	\$ 2,883	\$ 2,883	\$ -	\$ 2,883
16003	171 1" residential city w/ school tax	832,600	85	3,770	3,770	-	3,770
16003	172 1" residential city w/ school tax	380,200	44	765	765	-	765
16013	170 1" commercial city w/ school tax and KY state sales tax	6,649,189	361	17,012	17,012	-	17,012
16013	171 1" commercial city w/ school tax and KY state sales tax	428,400	55	1,741	1,741	-	1,741
16013	172 1" commercial city w/ school tax and KY state sales tax	7,181,600	253	21,546	21,546	-	21,546
16013	173 1" commercial city w/ school tax and KY state sales tax	249,000	33	896	896	-	896
16033	170 1" residential county w/ school tax	154,800	22	568	568	-	568
16043	170 1" commercial county w/ school tax and KY state sales tax	183,600	11	659	659	-	659
16073	170 1" industrial city w/ school tax and KY state sales tax	51,600	12	229	229	-	229
16082	170 1" commercial city w/ school tax	448,400	33	1,624	1,624	-	1,624
16082	171 1" commercial city w/ school tax	549,600	11	1,523	1,523	-	1,523
16082	172 1" commercial city w/ school tax	9,800	11	223	223	-	223
16082	173 1" commercial city w/ school tax	9,000	11	359	359	-	359
16092	170 1" government city w/ school tax	413,200	36	1,407	1,407	-	1,407
		<u>18,158,949</u>	<u>1,100</u>	<u>\$ 35,205</u>	<u>\$ 35,205</u>	<u>\$ -</u>	<u>\$ 35,205</u>

Rates per 1,000 gallons (minimum 6,000):

First 6,000	\$ 20.29
Next 4,000	2.71
Next 15,000	2.47
Next 25,000	2.35
Next 50,000	2.10
Over 100,000	1.92

16015	170 1 1/2" commercial city w/ school tax and KY state sales tax	2,957,800	69	\$ 6,217	\$ 6,217	\$ -	\$ 6,217
16015	171 1 1/2" commercial city w/ school tax and KY state sales tax	938,800	33	2,864	2,864	-	\$ 2,864
16015	172 1 1/2" commercial city w/ school tax and KY state sales tax	2,459,200	44	4,868	4,868	-	\$ 4,868
16015	173 1 1/2" commercial city w/ school tax and KY state sales tax	1,901,000	44	5,028	5,028	-	\$ 5,028
16045	173 1 1/2" commercial county w/ school tax and KY state sales tax	60,800	11	424	424	-	424.00
16075	170 1 1/2" industrial city w/ school tax and KY state sales tax	732,000	13	1,506	1,506	-	\$ 1,506
16075	171 1 1/2" industrial city w/ school tax and KY state sales tax	966,400	11	2,221	2,221	-	\$ 2,221
16093	170 1 1/2" government city w/ school tax	2,562,800	25	5,492	5,492	-	\$ 5,492
16093	172 1 1/2" government city w/ school tax	450,000	22	1,582	1,582	-	\$ 1,582
16093	173 1 1/2" government city w/ school tax	8,000	11	424	424	-	\$ 424
		<u>13,036,800</u>	<u>283</u>	<u>\$ 30,626</u>	<u>\$ 30,626</u>	<u>\$ -</u>	<u>\$ 30,626</u>

Rates per 1,000 gallons (minimum 13,000):

First 13,000	\$ 38.54
Next 12,000	2.47
Next 25,000	2.35
Next 50,000	2.10
Over 100,000	1.92

16016	170 2" commercial city w/ school tax and KY state sales tax	6,626,600	104	\$ 11,649	\$ 11,649	\$ -	\$ 11,649
16016	171 2" commercial city w/ school tax and KY state sales tax	1,026,400	33	3,114	3,114	-	3,114
16016	172 2" commercial city w/ school tax and KY state sales tax	6,587,000	99	16,096	16,096	-	16,096
16016	173 2" commercial city w/ school tax and KY state sales tax	4,417,800	55	10,157	10,157	-	10,157
16076	170 2" industrial city w/ school tax and KY state sales tax	288,000	27	1,304	1,304	-	1,304
16076	171 2" industrial city w/ school tax and KY state sales tax	311,000	11	839	839	-	839
16083	171 2" commercial city w/ school tax	129,200	11	652	652	-	652
16083	172 2" commercial city w/ school tax	8,235,400	33	17,041	17,041	-	17,041
16094	170 2" government city w/ school tax	2,858,051	79	6,012	6,012	-	6,012
16094	171 2" government city w/ school tax	247,800	33	1,979	1,979	-	1,979
16094	172 2" government city w/ school tax	5,078,600	33	17,585	17,585	-	17,585
16094	173 2" government city w/ school tax	3,205,800	55	8,244	8,244	-	8,244
		<u>39,011,651</u>	<u>573</u>	<u>\$ 94,672</u>	<u>\$ 94,672</u>	<u>\$ -</u>	<u>\$ 94,672</u>

Rates per 1,000 gallons (minimum 21,400):

First 21,400	\$ 59.29
Next 3,600	2.47
Next 25,000	2.35
Next 50,000	2.10
Over 100,000	1.92

16017	170 3" commercial city w/ school tax and KY state sales tax	344,200	15	\$ 1,821	\$ 1,821	\$ -	\$ 1,821
16017	172 3" commercial city w/ school tax and KY state sales tax	3,047,400	22	6,881	6,881	-	6,881
16077	171 3" industrial city w/ school tax and KY state sales tax	11,231,400	11	30,132	30,132	-	30,132
16095	172 3" government city w/ school tax	4,440,600	53	13,930	13,930	-	13,930
		<u>19,063,600</u>	<u>101</u>	<u>\$ 52,764</u>	<u>\$ 52,764</u>	<u>\$ -</u>	<u>\$ 52,764</u>

Rates per 1,000 gallons (minimum 68,400):

First 68,400	\$ 165.57
Next 31,600	2.10
Over 100,000	1.92

16018	172 4" commercial city w/ school tax and KY state sales tax	1,662,000	12	\$ 3,695	\$ 3,695	\$ -	\$ 3,695
16078	170 4" industrial city w/ school tax and KY state sales tax	1,464,200	11	3,603	3,603	-	3,603
16096	170 4" government city w/ school tax	304,600	11	3,132	3,132	-	3,132
		<u>3,430,800</u>	<u>34</u>	<u>\$ 10,430</u>	<u>\$ 10,430</u>	<u>\$ -</u>	<u>\$ 10,430</u>

Rates per 1,000 gallons (minimum 127,500):

First 127,500	\$ 284.73
Over 127,500	1.92

16019	170 6" commercial city w/ school tax and KY state sales tax	2,219,000	22	\$ 12,769	\$ 12,769	\$ -	\$ 12,769
16079	171 6" industrial city w/ school tax and KY state sales tax	25,694,200	11	15,212	15,212	-	15,212
		<u>27,913,200</u>	<u>33</u>	<u>\$ 27,981</u>	<u>\$ 27,981</u>	<u>\$ -</u>	<u>\$ 27,981</u>

Rates per 1,000 gallons (minimum 281,500):

First 281,500	\$ 580.41
Over 281,500	1.92

16010	171 Industrial city special w/ school tax and KY state sales tax	\$ 118.58	-	14	\$ 1,304	\$ 1,304	\$ -	\$ 1,304
16037	170 Commercial city sprinkler	\$ 15.00	-	122	\$ 1,485	\$ 1,485	\$ -	\$ 1,485
16037	171 Commercial city sprinkler	\$ 15.00	-	22	\$ 330	\$ 330	\$ -	\$ 330
16037	172 Commercial city sprinkler	\$ 15.00	-	88	\$ 1,320	\$ 1,320	\$ -	\$ 1,320
16037	173 Commercial city sprinkler	\$ 15.00	-	33	\$ 495	\$ 495	\$ -	\$ 495
16039	170 Industrial city sprinkler	\$ 15.00	-	27	\$ 330	\$ 330	\$ -	\$ 330
16039	171 Industrial city sprinkler	\$ 15.00	-	11	\$ 165.00	\$ 165.00	\$ -	\$ 165.00
16040	171 Commercial city special	\$ 30.00	-	22	\$ 660.00	\$ 660.00	\$ -	\$ 660.00
16040	173 Commercial city special	\$ 30.00	-	11	\$ 330.00	\$ 330.00	\$ -	\$ 330.00
16050	173 Commercial county special	\$ 45.00	-	11	\$ 495.00	\$ 495.00	\$ -	\$ 495.00
16055	173 Commercial county special	\$ 315.00	-	11	\$ 3,465.00	\$ 3,465.00	\$ -	\$ 3,465.00
16056	171 Government city special	\$ 30.00	-	11	\$ 330	\$ 330	\$ -	\$ 330
16056	173 Government city special	\$ 30.00	-	11	\$ 330	\$ 330	\$ -	\$ 330
16058	172 Government city special	\$ 105.00	-	11	\$ 1,155	\$ 1,155	\$ -	\$ 1,155
16060	173 Commercial city special	\$ 45.00	-	11	\$ 495.00	\$ 495.00	\$ -	\$ 495.00
16070	172 Commercial city special	\$ 60.00	-	11	\$ 660.00	\$ 660.00	\$ -	\$ 660.00
16088	170 Industrial city special	\$ 60.00	-	11	\$ 660.00	\$ 660.00	\$ -	\$ 660.00
16089	171 Industrial city special	\$ 75.00	-	11	\$ 825.00	\$ 825.00	\$ -	\$ 825.00
16098	Government city hydrant	\$ 3.33	-	11	\$ 10,076	\$ 10,076	\$ -	\$ 10,076
	June CCB Consumption per JDE				\$ 164,758	\$ 164,758	\$ -	\$ 164,758

CLINTON

16204	5.8" commercial w/ school tax and KY state sales tax	55,500	33	\$ 372	\$ 372	\$ -	372
16205	5.8" residential w/ school tax	913,674	254	5,280.00	5,280.00	-	5,280
16206	5.8" public authority w/ school tax	17,200	24	204.00	204.00	-	204
16214	3.4" commercial w/ school tax and KY state sales tax	1,708,174	530	9,856.00	9,856.00	-	9,856
16234	3.4" commercial out of city w/ school tax and KY state sales tax	108,700	29	711.00	711.00	-	711
16235	3.4" residential w/ school tax	20,145,508	5,326	110,337.00	110,337.00	-	110,337
16236	3.4" public authority out of city w/ school tax	14,100	12	54.00	54.00	-	54
16242	3.4" commercial w/ school tax	311,000	129	2,397.00	2,397.00	-	2,397
16246	3.4" public authority w/ school tax	176,700	55	1,138.00	1,138.00	-	1,138
16263	3.4" residential w/ school tax and KY state sales tax	11,800	8	93.00	93.00	-	93
16265	3.4" residential out of city w/ school tax	1,853,300	433	11,118.00	11,118.00	-	11,118
16272	3.4" multi commercial w/ school tax	6,700	6	54.00	54.00	-	54
16275	3.4 Multi Com Wtr	9,000	6	45.00	45.00	-	45
16276	3.4" Multi Com Wtr	93,700	25	573.00	573.00	-	573
16287	5.8" multi commercial w/ school tax and KY state sales tax	-	-	-	-	-	-
16290	3.4" Pub Auth Wtr Out City	200	5	45.00	45.00	-	45
16293	3.4" Wtr Com Out City	23,300	20	242.00	242.00	-	242
16294	3.4" Com Wtr	111,100	24	680.00	680.00	-	680
16295	3.4 Res Wtr	423,700	110	2,582.00	2,582.00	-	2,582
16296	3.4 Rest Wtr Out City - Sch	94,600	25	563.00	563.00	-	563
16297	3.4" multi commercial w/ school and KY state sales tax	119,700	30	730.00	730.00	-	730
		<u>26,197,656</u>	<u>7,083</u>	<u>\$ 147,074</u>	<u>\$ 147,074</u>	<u>\$ -</u>	<u>\$ 147,074</u>

Rates per 1,000 gallons (minimum 1,000):

First 1,000	\$ 9.02
Next 9,000	5.11
Next 15,000	4.69
Next 25,000	4.27
Next 50,000	3.79
Over 100,000	3.31

16208	1" public authority w/ school tax	407,700	36	\$ 2,019	\$ 2,019	\$ -	\$ 2,019
16230	1" commercial out of city w/ school tax and KY state sales tax	190,500	6	910	910	-	910
16244	1" commercial w/ school tax and KY state sales tax	178,100	25	710	710	-	710
16247	1" multi residential w/ school tax and KY state sales tax	665,200	42	3,434	3,434	-	3,434
16279	1" Multi Wtr - Sch & KY	723,500	42	3,162.00	3,162.00	-	3,162
16292	1" Wtr Com Out City	129,300	5	613.00	613.00	-	613
		<u>2,294,300</u>	<u>156</u>	<u>\$ 10,848</u>	<u>\$ 10,848</u>	<u>\$ -</u>	<u>\$ 10,848</u>

Rates per 1,000 gallons (minimum 5,300):

First 5,300	\$ 30.99
Next 3,700	5.11
Next 15,000	4.69
Next 25,000	4.27
Next 50,000	3.79
Over 100,000	3.31

16238	1 1/2" public authority w/ school tax	1,336,700	24	\$ 5,520	\$ 5,520	\$ -	\$ 5,520
16252	1 1/2" industrial city w/ school tax and KY state sales tax	-	-	-	-	-	-
16254	1 1/2" commercial w/ school tax and KY state sales tax	1,334,000	24	5,371	5,371	-	5,371
		<u>2,670,700</u>	<u>48</u>	<u>\$ 10,891</u>	<u>\$ 10,891</u>	<u>\$ -</u>	<u>\$ 10,891</u>

Rates per 1,000 gallons (minimum 11,200):

First 11,200	\$ 60.64
Next 13,800	4.69
Next 25,000	4.27
Next 50,000	3.79
Over 100,000	3.31





WATER SERVICE CORPORATION OF KENTUCKY

Proposed Revenues

June 30, 2008

MIDDLESBORO

Schedule E

5/8" - 3/4"	
First 1,000	\$ 10.16
Next 9,000	\$ 4.09
Next 15,000	\$ 3.72
Next 25,000	\$ 3.54
Next 50,000	\$ 3.17
Over 100,000	\$ 2.90

		Gallorage	Usage Charge	Units	BFC	Revenues
16001	170 5/8" residential city w/ school tax	77,519,923	\$ 2.90	17,328	\$ 10.16	\$ 306,733
16001	171 5/8" residential city w/ school tax	61,042,000	2.90	13,893	10.16	335,293
16001	172 5/8" residential city w/ school tax	46,876,500	2.90	11,187	10.16	261,062
16001	173 5/8" residential city w/ school tax	38,897,270	2.90	9,839	10.16	219,752
16011	170 5/8" commercial city w/ school tax and KY state sales tax	11,071,289	2.90	2,415	10.16	48,410
16011	171 5/8" commercial city w/ school tax and KY state sales tax	4,546,900	2.90	856	10.16	23,721
16011	172 5/8" commercial city w/ school tax and KY state sales tax	5,544,400	2.90	1,084	10.16	29,165
16011	173 5/8" commercial city w/ school tax and KY state sales tax	4,402,600	2.90	1,460	10.16	27,604
16012	171 3/4" commercial city w/ school tax and KY state sales tax	43,200	2.90	11	10.16	238
16031	170 5/8" residential county w/ school tax	4,597,200	2.90	823	10.16	23,168
16031	171 5/8" residential county w/ school tax	1,549,000	2.90	300	10.16	8,189
16031	172 5/8" residential county w/ school tax	12,254,800	2.90	2,453	10.16	64,195
16031	173 5/8" residential county w/ school tax	16,377,800	2.90	4,051	10.16	92,049
16041	171 5/8" commercial county w/ school tax and KY state sales tax	2,400	2.90	11	10.16	112
16041	172 5/8" commercial county w/ school tax and KY state sales tax	77,400	2.90	8	10.16	360
16041	173 5/8" commercial county w/ school tax and KY state sales tax	-	2.90	231	10.16	2,348
16071	170 5/8" industrial city w/ school tax and KY state sales tax	371,000	2.90	61	10.16	1,477
16071	171 5/8" industrial city w/ school tax and KY state sales tax	545,200	2.90	11	10.16	2,071
16071	173 5/8" industrial city w/ school tax and KY state sales tax	58,600	2.90	11	10.16	308
16081	170 5/8" commercial city w/ school tax	1,082,400	2.90	242	10.16	5,451
16081	171 5/8" commercial city w/ school tax	579,400	2.90	132	10.16	3,202
16081	172 5/8" commercial city w/ school tax	63,800	2.90	66	10.16	776
16081	173 5/8" commercial city w/ school tax	198,800	2.90	89	10.16	1,376
16091	170 5/8" government city w/ school tax	135,200	2.90	55	10.16	985
16091	171 5/8" government city w/ school tax	1,600,800	2.90	33	10.16	5,583
16091	172 5/8" government city w/ school tax	54,200	2.90	25	10.16	422
16091	173 5/8" government city w/ school tax	68,800	2.90	22	10.16	416
		<u>289,560,882</u>		<u>66,697</u>		<u>1,464,465</u>

1"	
First 6,000	\$ 30.60
Next 4,000	4.09
Next 15,000	3.72
Next 25,000	3.54
Next 50,000	3.17
Over 100,000	2.90

16003	170 1" residential city w/ school tax	617,960	\$ 2.90	122	\$ 30.60	\$ 4,347
16003	171 1" residential city w/ school tax	832,600	2.90	85	30.60	5,685
16003	172 1" residential city w/ school tax	380,200	2.90	44	30.60	1,154
16013	170 1" commercial city w/ school tax and KY state sales tax	6,649,189	2.90	361	30.60	25,654
16013	171 1" commercial city w/ school tax and KY state sales tax	428,400	2.90	55	30.60	2,626
16013	172 1" commercial city w/ school tax and KY state sales tax	7,181,600	2.90	253	30.60	32,492
16013	173 1" commercial city w/ school tax and KY state sales tax	249,000	2.90	33	30.60	1,350
16033	170 1" residential county w/ school tax	154,800	2.90	22	30.60	857
16043	170 1" commercial county w/ school tax and KY state sales tax	183,600	2.90	11	30.60	993
16073	170 1" industrial city w/ school tax and KY state sales tax	51,600	2.90	12	30.60	345
16082	170 1" commercial city w/ school tax	448,400	2.90	33	30.60	2,449
16082	171 1" commercial city w/ school tax	549,600	2.90	11	30.60	2,296
16082	172 1" commercial city w/ school tax	9,800	2.90	11	30.60	337
16082	173 1" commercial city w/ school tax	9,000	2.90	11	30.60	541
16092	170 1" government city w/ school tax	413,200	2.90	36	30.60	2,122
		<u>18,158,949</u>		<u>1,100</u>		<u>\$ 83,248</u>

	<b>1 1/2"</b>						
	First 13,000	\$	58.12				
	Next 12,000		3.72				
	Next 25,000		3.54				
	Next 50,000		3.17				
	Over 100,000		2.90				
16015	170 1 1/2" commercial city w/ school tax and KY state sales tax		2,957,800	\$	2.90	69	\$ 58.12 \$ 9,375
16015	171 1 1/2" commercial city w/ school tax and KY state sales tax		938,800		2.90	33	58.12 4,320
16015	172 1 1/2" commercial city w/ school tax and KY state sales tax		2,459,200		2.90	44	58.12 7,340
16015	173 1 1/2" commercial city w/ school tax and KY state sales tax		1,901,000		2.90	44	58.12 7,582
16045	173 1 1/2" commercial county w/ school tax and KY state sales tax		60,800		2.90	11	58.12 639
16075	170 1 1/2" industrial city w/ school tax and KY state sales tax		732,000		2.90	13	58.12 2,271
16075	171 1 1/2" industrial city w/ school tax and KY state sales tax		966,400		2.90	11	58.12 3,350
16093	170 1 1/2" government city w/ school tax		2,562,800		2.90	25	58.12 8,282
16093	172 1 1/2" government city w/ school tax		450,000		2.90	22	58.12 2,386
16093	173 1 1/2" government city w/ school tax		8,000		2.90	11	58.12 639
			<u>13,036,800</u>			<u>283</u>	<u>\$ 46,185</u>
	<b>2"</b>						
	First 21,400	\$	89.41				
	Next 3,600		3.72				
	Next 25,000		3.54				
	Next 50,000		3.17				
	Over 100,000		2.90				
16016	170 2" commercial city w/ school tax and KY state sales tax		6,626,600	\$	2.90	104	\$ 89.41 \$ 17,567
16016	171 2" commercial city w/ school tax and KY state sales tax		1,026,400		2.90	33	89.41 4,696
16016	172 2" commercial city w/ school tax and KY state sales tax		6,587,000		2.90	99	89.41 24,273
16016	173 2" commercial city w/ school tax and KY state sales tax		4,417,800		2.90	55	89.41 15,317
16076	170 2" industrial city w/ school tax and KY state sales tax		288,000		2.90	27	89.41 1,967
16076	171 2" industrial city w/ school tax and KY state sales tax		311,000		2.90	11	89.41 1,265
16083	171 2" commercial city w/ school tax		129,200		2.90	11	89.41 984
16083	172 2" commercial city w/ school tax		8,235,400		2.90	33	89.41 25,698
16094	170 2" government city w/ school tax		2,858,051		2.90	79	89.41 9,065
16094	171 2" government city w/ school tax		247,800		2.90	33	89.41 2,984
16094	172 2" government city w/ school tax		5,078,600		2.90	33	89.41 26,519
16094	173 2" government city w/ school tax		3,205,800		2.90	55	89.41 12,432
			<u>39,011,651</u>			<u>573</u>	<u>\$ 142,765</u>
	<b>3"</b>						
	First 68,400	\$	249.68				
	Next 31,600		3.17				
	Over 100,000		2.90				
16017	170 3" commercial city w/ school tax and KY state sales tax		344,200	\$	2.90	15	\$ 249.68 \$ 2,746
16017	172 3" commercial city w/ school tax and KY state sales tax		3,047,400		2.90	22	249.68 10,377
16077	171 3" industrial city w/ school tax and KY state sales tax		11,231,400		2.90	11	249.68 45,439
16095	172 3" government city w/ school tax		4,440,600		2.90	53	249.68 21,006
			<u>19,063,600</u>			<u>101</u>	<u>\$ 79,568</u>
	<b>4"</b>						
	First 127,500	\$	429.37				
	Over 127,500		2.90				
16018	172 4" commercial city w/ school tax and KY state sales tax		1,662,000	\$	2.90	12	\$ 429.37 \$ 5,571
16078	170 4" industrial city w/ school tax and KY state sales tax		1,464,200		2.90	11	429.37 5,434
16096	170 4" government city w/ school tax		304,600		2.90	11	429.37 4,723
			<u>3,430,800</u>			<u>34</u>	<u>\$ 15,728</u>
	<b>6"</b>						
	First 281,500	\$	875.26				
	Over 281,500		2.90				
16019	170 6" commercial city w/ school tax and KY state sales tax		2,219,000	\$	2.90	22	\$ 875.26 \$ 19,256
16079	171 6" industrial city w/ school tax and KY state sales tax		25,694,200		2.90	11	875.26 22,939
			<u>27,913,200</u>			<u>33</u>	<u>\$ 42,195</u>

16010	171 Industrial city special w/ school tax and KY state sales tax	\$ 178.82		14	\$ 1,967.01
16037	170 Commercial city sprinkler	\$ 22.62		122	\$ 2,239.38
16037	171 Commercial city sprinkler	\$ 22.62		22	\$ 497.64
16037	172 Commercial city sprinkler	\$ 22.62		88	\$ 1,990.56
16037	173 Commercial city sprinkler	\$ 22.62		33	\$ 746.46
16039	170 Industrial city sprinkler	\$ 22.62		27	\$ 497.64
16039	171 Industrial city sprinkler	\$ 22.62		11	\$ 248.82
16040	171 Commercial city special	\$ 45.24		22	\$ 995.28
16040	173 Commercial city special	\$ 45.24		11	\$ 497.64
16050	173 Commercial county special	\$ 67.86		11	\$ 5,225.22
16055	173 Commercial county special	\$ 475.02		11	\$ 5,225.22
16056	171 Government city special	\$ 45.24	-	11	\$ 497.64
16056	173 Government city special	\$ 45.24	-	11	\$ 497.64
16058	172 Government city special	\$ 158.34	-	11	\$ 1,741.74
16060	173 Commercial city special	\$ 67.86	-	11	\$ 746.46
16070	172 Commercial city special	\$ 90.48	-	11	\$ 995.28
16088	170 Industrial city special	\$ 90.48	-	11	\$ 995.28
16089	171 Industrial city special	\$ 113.10	-	11	\$ 1,244.10
16098	Government city hydrant	\$ 5.02		11	\$ 55.24
	June CCB Consumption per JDE				248,455.06

CLINTON

5/8" & 3/4"	
First 1,000	\$ 13.60
Next 9,000	\$ 7.71
Next 15,000	\$ 7.07
Next 25,000	\$ 6.44
Next 50,000	\$ 5.72
Over 100,000	\$ 4.99

		<u>Gallonage</u>	<u>Usage Charge</u>	<u>Units</u>	<u>BFC</u>	<u>Revenues</u>
16204	5/8" commercial w/ school tax and KY state sales tax	55,500	\$ 4.99	33	\$ 13.60	\$ 560
16205	5/8" residential w/ school tax	913,674	\$ 4.99	254	\$ 13.60	\$ 7,962
16206	5/8" public authority w/ school tax	17,200	\$ 4.99	24	\$ 13.60	\$ 307
16214	3/4" commercial w/ school tax and KY state sales tax	1,708,174	\$ 4.99	530	\$ 13.60	\$ 14,863
16234	3/4" commercial out of city w/ school tax and KY state sales tax	108,700	\$ 4.99	29	\$ 13.60	\$ 1,079
16235	3/4" residential w/ school tax	20,145,508	\$ 4.99	5,326	\$ 13.60	\$ 167,565
16236	3/4" public authority out of city w/ school tax	14,100	\$ 4.99	12	\$ 13.60	\$ 82
16242	3/4" commercial w/ school tax	311,000	\$ 4.99	129	\$ 13.60	\$ 3,641
16246	3/4" public authority w/ school tax	176,700	\$ 4.99	55	\$ 13.60	\$ 1,729
16263	3/4" residential w/ school tax and KY state sales tax	11,800	\$ 4.99	8	\$ 13.60	\$ 141
16265	3/4" residential out of city w/ school tax	1,853,300	\$ 4.99	433	\$ 13.60	\$ 16,884
16272	3/4" multi commercial w/ school tax	6,700	\$ 4.99	6	\$ 13.60	\$ 82
16275	3/4" Multi Com Wtr	9,000	\$ 4.99	6	\$ 13.60	\$ 69
16276	3/4" Multi Com Wtr	93,700	\$ 4.99	25	\$ 13.60	\$ 870
16287	5/8" multi commercial w/ school tax and KY state sales tax	-	\$ 4.99	-	\$ 13.60	\$ -
16290	3/4" Pub Auth Wtr Out City	200	\$ 4.99	5	\$ 13.60	\$ 69
16293	3/4" Wtr Com Out City	23,300	\$ 4.99	20	\$ 13.60	\$ 367
16294	3/4" Com Wtr	111,100	\$ 4.99	24	\$ 13.60	\$ 1,033
16295	3/4" Res Wtr	423,700	\$ 4.99	110	\$ 13.60	\$ 3,922
16296	3/4" Rest Wtr Out City - Sch	94,600	\$ 4.99	25	\$ 13.60	\$ 855
16297	3/4" multi commercial w/ school and KY state sales tax	119,700	\$ 4.99	30	\$ 13.60	\$ 1,109
		<u>26,197,656</u>		<u>7,083</u>		<u>223,188</u>

1"	
First 5,300	\$ 46.73
Next 3,700	7.71
Next 15,000	7.07
Next 25,000	6.44
Next 50,000	5.72
Over 100,000	4.99

16208	1" public authority w/ school tax	407,700	\$ 4.99	36	\$ 46.73	\$ 3,044
16230	1" commercial out of city w/ school tax and KY state sales tax	190,500	\$ 4.99	6	46.73	1,373
16244	1" commercial w/ school tax and KY state sales tax	178,100	\$ 4.99	25	46.73	1,079
16247	1" multi residential w/ school tax and KY state sales tax	665,200	\$ 4.99	42	46.73	5,214
16279	1" Multi Wtr - Sch & KY	723,500	\$ 4.99	42	\$ 13.60	\$ 4,801
16292	1" Wtr Com Out City	129,300	\$ 4.99	5	\$ 13.60	\$ 931
		<u>2,294,300</u>		<u>156</u>		<u>16,442</u>

1 1/2"	
First 11,200	\$ 91.45
Next 13,800	7.07
Next 25,000	6.44
Next 50,000	5.72
Over 100,000	4.99

16238	1 1/2" public authority w/ school tax	1,336,700	\$ 4.99	24	\$ 91.45	\$ 8,325
16252	1 1/2" industrial city w/ school tax and KY state sales tax	-	\$ 4.99	-	\$ 91.45	-
16254	1 1/2" commercial w/ school tax and KY state sales tax	1,334,000	\$ 4.99	24	\$ 91.45	\$ 5,371
		<u>2,670,700</u>		<u>48</u>		<u>\$ 13,696</u>

	2"					
	First 17,600	\$ 136.70				
	Next 7,400	7.07				
	Next 25,000	6.44				
	Next 50,000	5.72				
	Over 100,000	4.99				
16248	2" public authority w/ school tax	3,855,800	\$ 4.99	62	\$ 136.70	\$ 24,113
16257	2" multi residential w/ school tax and KY state sales tax	264,900	\$ 4.99	6	136.70	1,875
16262	2" industrial w/ school tax and KY state sales tax	-	\$ 4.99	-	136.70	-
16264	2" commercial w/ school tax and KY state sales tax	2,484,500	\$ 4.99	19	136.70	13,955
16278	2" Multi Wtr - Sch & KY	281,300	\$ 4.99	6	\$ 13.60	\$ 1,668
16291	2" Pub Auth Wtr - Sch	17,900	\$ 4.99	5	\$ 13.60	\$ 684
		<u>6,904,400</u>		<u>98</u>		<u>\$ 42,294</u>
	6"					
	First 250,500	\$ 1,387.01				
	Over 250,500	4.99				
16280	6" commercial w/ school tax and KY state sales tax	-	\$ 4.99	-	\$ 1,387.01	\$ -
		<u>-</u>		<u>-</u>		<u>\$ -</u>
16285	Hydrant - private	\$ 22.62	-	22		\$ 498
16286	5"8" sprinkler - private	\$ 22.62	-	66		\$ 1,493
16299	Hydrant - municipal	\$ 5.03	-	11		\$ 55
	Total Water Service Corporation of Kentucky Proposed Revenues	<u>448,242,938</u>		<u>76,765</u>		<u>2,447,180</u>

**WATER SERVICE CORPORATION OF KENTUCKY**  
**Uncollectible Accounts**

w/p [a]

	<u>Water</u>
Test Year / Present Revenues	<u>\$ 1,631,079</u>
Uncollectible Accounts	<u>\$ 18,156</u>
Uncollectible %	<u>1.11%</u>
Proposed Revenues	<u>\$ 2,447,180</u>
Uncollectible %	<u>1.11%</u>
Uncollectible Accounts	<u>\$ 27,240</u>

**WATER SERVICE CORPORATION OF KENTUCKY**  
**Calculation of Pro Forma Operating Expense Charged to Plant**

w/p [b-2]

Total Operating Expense Charged to Plant (from Schedule B)	(132,437)	
Total Allocated Salaries, Taxes, and Benefits (from above)	870,408	
Percentage of Pro Forma Salaries, Taxes, and Benefits to Charge to Plant	<u>-15.22%</u>	
Pro Forma Salaries, Taxes, and Benefits for Operators (from w/p [b])	785,556	
Percentage of Pro Forma Salaries, Taxes, and Benefits to Charge to Plant	-15.22%	
Pro Forma Operating Expense Charged to Plant	<u>(119,526)</u>	<u>(119,526) W</u>



**WATER SERVICE CORPORATION OF KENTUCKY**  
**Rate Case Expense**

w/p [d]

				<b>Total</b>
Legal Fees				25,000
Customer Notices (2 notices):				
Postage	7,991 =	customers x \$0.42		6,712
Stock	7,991 =	notices x (.0526)		841
Fed Ex, mailings, postage, and miscellaneous costs				5,000
			<u>Personnel</u> <u>Cost</u> <u># of Trips/ Nights</u>	
Travel				
Airfare	2	350	3	2,100
Hotel/Meals	2	180	6	2,160
Rental Car		200		200
Water Service Personnel				
	<u>hours</u>	<u>rate</u>	<u>\$</u>	
LG	500	\$ 45	22,500	
JH	200	\$ 96	19,200	
LY	800	\$ 25	20,000	
JN	50	\$ 27	1,350	
BS	100	\$ 29	2,900	
DM	6	\$ 29	174	
Total				<u>66,124</u>
Cost of Capital Witness (AUS Consultants)				<u>10,000</u>
Total Cost of current case				118,137
Amortized over 3 years				<u>3</u>

**WATER SERVICE CORPORATION OF KENTUCKY**  
**Calculation of Taxes Other Than Income Taxes**

w/p [e]

Water

**Test Year**

Utility/Commission Tax	\$	2,331
Real Estate Tax		40,970
Personal Property Tax		6,130
Gross Receipts Tax		150.39
Franchise Tax		6,475
Payroll Taxes		<u>58,150</u>
Total	\$	114,208

**Pro Forma Present**

Payroll Tax Increase		(10,271)
Adjustment	\$	<u>(10,271)</u>

**Pro Forma Proposed**

Gross Receipts Increase	\$	297,666
		3.00%
Adjustment	\$	<u>8,930</u>
Utility/Commission Tax Increase		297,666
		0.77%
		<u>2,280</u>

**WATER SERVICE CORPORATION OF KENTUCKY**  
**Depreciation Expense**

w/p [f]

	<u>Water</u>
Gross Plant	\$ 9,580,400
Add:	
Pro forma projects	19,784
Actual and estimated general ledger additions	83,743
Less:	
Land	(20,044)
Organization	(164,394)
Computers	(425,915)
Pro forma project retirements	-
Vehicles	(28,269)
WSC/regional Rate Base Adjustments	(262)
Net:	\$ 9,045,043
Plant Depreciation @ 2.00%	<u>\$ 180,901</u>
Vehicles	28,269
WSC/regional Rate Base Adjustments	(271)
Vehicle Depreciation @ 25.00%	<u>\$ 7,000</u>
Computers	425,915
WSC/regional Rate Base Adjustments	(36,378)
Computer Depreciation @ 12.50%	<u>\$ 48,692</u>
CC&B - new billing system 12.50%	22,339
<b>Total Depreciation</b>	<u><u>\$ 258,932</u></u>
CIAC	\$ (45,962)
Amortization @ 2.00%	<u><u>\$ (919)</u></u>
AIAC	\$ (113,081)
Amortization @ 2.00%	<u><u>\$ (2,262)</u></u>

**WATER SERVICE CORPORATION OF KENTUCKY**  
**Calculation of Income Taxes**

w/p [g]

<b>WATER</b>	<u>Pro Forma Present</u>	<u>Pro Forma Proposed</u>
<b><u>State Income Taxes</u></b>		
Total Revenue	\$ 1,667,522	\$ 2,474,539
Maintenance Expense	907,698	907,698
General Expense	672,754	672,754
Depreciation & Amortization	255,751	255,751
Taxes Other Than Income	77,751	88,960
Income from Management Services	0	0
Interest Expense	214,217	214,217
<b>Taxable Income</b>	<b>\$ (460,649)</b>	<b>\$ 335,159</b>
State Tax Rate		
First \$25,000 @ 4.0%	(18,426)	1,000
\$25,001 to \$50,000 @ 5.0%		1,250
\$50,001 to \$100,000 @ 6.0%		3,000
\$100,001 to \$250,000 @ 7.0%		10,500
Over \$250,000 @ 8.0%		6,813
<b>Total State Income Taxes</b>	<b>\$ (18,426)</b>	<b>\$ 22,563</b>
<b><u>Federal Taxes</u></b>		
Taxable Income before taxes	\$ (460,649)	\$ 335,159
Less: State I/T	(18,426)	22,563
<b>al Taxable Income</b>	<b>(442,223)</b>	<b>312,596</b>
<b>Federal Tax Rate</b>	<b>34%</b>	<b>34%</b>
<b>Total Federal Taxes</b>	<b>\$ (150,356)</b>	<b>\$ 106,283</b>

**UTILITIES, INC. AND SUBSIDIARIES**  
**Capital Structure at June 30, 2008**

w/p [h-1]

	Unaudited June 30, 2,008	Annual Interest Expense	Capital Structure
<b><u>COMMON SHAREHOLDERS' EQUITY:</u></b>			
Common shares, \$.10 par value; authorized and issued 1,000 shares	\$ 100		
Paid-in capital	98,111,656		
Retained earnings	61,331,058		
<b>Total Common Shareholder's Equity</b>	<b>\$ 159,442,814</b>		<b>46.97%</b>
<b><u>LONG-TERM DEBT:</u></b>			
Collateral trust notes - 6.58%, \$9,000,000 due in annual installments beginning in 2017 through 2035	\$ 180,000,000	11,844,000	
<b>Total Long-Term Debt</b>	<b>\$ 180,000,000</b>	<b>11,844,000</b>	<b>53.03%</b>
<b>TOTAL CAPITALIZATION</b>	<b>\$ 339,442,814</b>		<b>100.00%</b>
<b>COST OF DEBT</b>	<b>6.58%</b>		

WATER SERVICE CORPORATION OF KENTUCKY

w/p [h]

Pro Forma Interest Expense

	<u>Water</u>
Pro Forma Present Rate Base	6,139,342
Debt Ratio	53.03%
Embedded Cost of Debt	6.58%
Pro Forma Interest Expense	<u><u>214,217</u></u>

**WATER SERVICE CORPORATION OF KENTUCKY**  
**Pro Forma Plant to be Included in Rate Case**

w/p [j]

<u>Project Description</u>	<u>Costs to Date</u>	<u>Additional Cost to Complete</u>	<u>Total Cost of Project</u>	<u>Estimated Date of Completion</u>	<u>Database Number</u>	<u>Project Status</u>
Install Security Camera System	\$ 19,784	\$ (0)	19,784		2004768	Closed (As of Sep. 08) In service date 6/30/08
	<b><u>\$ 19,784</u></b>	<b><u>\$ (0)</u></b>	<b><u>\$ 19,784</u></b>			

**WATER SERVICE CORPORATION OF KENTUCKY**  
**Calculation of Working Capital**

w/p [i]

		<u>Water</u>
<b>Test Year</b>		
Maintenance Expenses		\$ 956,482
General Expenses		616,674
Taxes Other Than Income		88,021
Total		<u>\$ 1,661,178</u>
Working Capital	45/360	<u>\$ 207,647</u>
<b>Pro Forma Present</b>		
Maintenance Expenses		\$ 907,698
General Expenses		672,754
Taxes Other Than Income		77,751
Total		<u>\$ 1,658,202</u>
Working Capital	45/360	<u>\$ 207,275</u>



**WATER SERVICE CORPORATION OF KENTUCKY**  
**General Ledger Plant Additions**

\$ 1,674.87

w/p ||

<u>Account Number</u>	<u>Description</u>	<u>Invoiced Additions July-Nov</u>	<u>Estimated Additions from Dec to March</u>	<u>Total Additions (Invoiced and Estimated)</u>
1045	Land & Land Rights General Plt	3	2	5
1080	Wells & Springs	6,594	5,276	11,870
1090	Supply Mains	4,487	3,590	8,077
1105	Electric Pump Equip WTP	1,078	863	1,941
1110	Electric Pump Equip Trans	977	782	1,759
1115	Water Treatment Eqpt	1,696	1,357	3,052
1120	Dist Resv & Standpipes	294	235	530
1125	Trans & Distr Mains	14,233	11,386	25,619
1130	Service Lines	2,129	1,703	3,831
1135	Meters	6,877	5,502	12,379
1140	Meters Installations	1,885	1,508	3,393
1145	Hydrants	5,717	4,574	10,291
1175	Office Struct & Imprv	314	251	565
1180	Office Furn & Equipment	123	99	222
1190	Tool Shop & Misc Eqpt	105	84	189
1205	Communication Eqpt	11	8	19
	<b>Total</b>	<b>46,524</b>	<b>37,219</b>	<b>83,743</b>

**WATER SERVICE CORPORATION OF KENTUCKY**  
**Plant Restatement**  
**Through Acquisition**

w/p [o]

	Year Placed in Service	Date Acq.	Cost	Years in Service	Depr. Rate	Acc. Depr.	Net Plant	Fully Deprec.
<u>Plant</u>								
Land	1981	1/1/1981	3,257.48	28.00	0.0%	-	3,257.48	No
Land	1981	1/1/1981	596.00	28.00	0.0%	-	596.00	No
Land	1981	1/1/1981	1,234.50	28.00	0.0%	-	1,234.50	No
Common	1985	11/21/1985	13,478.20	24.00	2.0%	6,469.54	7,008.66	No
Common	1985	11/21/1985	185,476.30	24.00	2.0%	89,028.62	96,447.68	No
Common	1985	11/21/1985	2,641.38	24.00	2.0%	1,267.86	1,373.52	No
Common	1985	11/21/1985	6,336.72	24.00	2.0%	3,041.63	3,295.09	No
Common	1985	11/21/1985	30,123.53	24.00	2.0%	14,459.29	15,664.24	No
Common	1985	11/21/1985	194,242.01	24.00	2.0%	93,236.16	101,005.85	No
Common	1985	11/21/1985	25,622.80	24.00	2.0%	12,298.94	13,323.86	No
Common	1985	11/21/1985	334,189.62	24.00	2.0%	160,411.02	173,778.60	No
Common	1985	11/21/1985	13,680.34	24.00	2.0%	6,566.56	7,113.78	No
Common	1985	11/21/1985	10,164.72	24.00	2.0%	4,879.07	5,285.65	No
Common	1985	11/21/1985	312,686.93	24.00	2.0%	150,089.73	162,597.20	No
Common	1985	11/21/1985	125,585.14	24.00	2.0%	60,280.87	65,304.27	No
Common	1985	11/21/1985	2,264,076.47	24.00	2.0%	1,086,756.71	1,177,319.76	No
Common	1985	11/21/1985	283,658.51	24.00	2.0%	136,156.08	147,502.43	No
Common	1985	11/21/1985	40,452.80	24.00	2.0%	19,417.34	21,035.46	No
Common	1985	11/21/1985	515,437.63	24.00	2.0%	247,410.06	268,027.57	No
Common	1985	11/21/1985	78,560.82	24.00	2.0%	37,709.19	40,851.63	No
Common	1985	11/21/1985	370,692.25	24.00	2.0%	177,932.28	192,759.97	No
Common	1985	11/21/1985	70,195.28	24.00	2.0%	33,693.73	36,501.55	No
Common	1985	11/21/1985	145,967.76	24.00	2.0%	70,064.52	75,903.24	No
Common	1985	11/21/1985	19,188.32	24.00	2.0%	9,210.39	9,977.93	No
Common	1985	11/21/1985	129,343.47	24.00	2.0%	62,084.87	67,258.60	No
Common	1985	11/21/1985	21,885.34	24.00	2.0%	10,504.96	11,380.38	No
Common	1997	7/31/1997	6,000.81	12.00	2.0%	1,440.19	4,560.62	No
Common	1997	7/31/1997	677.84	12.00	2.0%	162.68	515.16	No
Common	1997	7/31/1997	39,951.21	12.00	2.0%	9,588.29	30,362.92	No
Common	1997	7/31/1997	18,022.24	12.00	2.0%	4,325.34	13,696.90	No
Common	1997	7/31/1997	29,151.79	12.00	2.0%	6,996.43	22,155.36	No
Common	1997	7/31/1997	34,478.84	12.00	2.0%	8,274.92	26,203.92	No
Common	1997	7/31/1997	682.50	12.00	2.0%	163.80	518.70	No
Common	1997	7/31/1997	33,053.68	12.00	2.0%	7,932.88	25,120.80	No
Common	1997	7/31/1997	6,843.71	12.00	2.0%	1,642.49	5,201.22	No
Common	1997	7/31/1997	12,226.94	12.00	2.0%	2,934.47	9,292.47	No
Common	1997	7/31/1997	337.29	12.00	2.0%	80.95	256.34	No

	Year Placed in Service	Date Acq.	Cost	Years in Service	Depr. Rate	Acc. Depr.	Net Plant	Fully Deprec.
Common	1997	7/31/1997	25,347.95	12.00	2.0%	6,083.51	19,264.44	No
Common	1997	7/31/1997	7,520.74	12.00	2.0%	1,804.98	5,715.76	No
Common	1997	7/31/1997	20,637.80	12.00	2.0%	4,953.07	15,684.73	No
Common	1997	7/31/1997	3,041.00	12.00	2.0%	729.84	2,311.16	No
Common	1997	7/31/1997	854.21	12.00	2.0%	205.01	649.20	No
Common	1997	7/31/1997	8,920.93	12.00	2.0%	2,141.02	6,779.91	No
Common	1997	7/31/1997	18,713.80	12.00	2.0%	4,491.31	14,222.49	No
Common	1997	7/31/1997	42,319.97	12.00	2.0%	10,156.79	32,163.18	No
Common	1997	7/31/1997	117,894.63	12.00	2.0%	28,294.71	89,599.92	No
Common	1997	7/31/1997	2,383.00	12.00	2.0%	571.92	1,811.08	No
Common	1997	7/31/1997	454.00	12.00	2.0%	108.96	345.04	No
Land	1997	7/31/1997	840.80	12.00	0.0%	-	840.80	No
Land	1997	7/31/1997	6,853.00	12.00	0.0%	-	6,853.00	No
Land	1997	7/31/1997	628.83	12.00	0.0%	-	628.83	No
Land	1997	7/31/1997	1,025.44	12.00	0.0%	-	1,025.44	No
Land	1997	7/31/1997	5,496.00	12.00	0.0%	-	5,496.00	No
Land	1997	7/31/1997	112.00	12.00	0.0%	-	112.00	No
Vehicle	1997	7/31/1997	91,200.55	12.00	25.0%	91,200.55	-	Yes
Vehicle	1997	7/31/1997	23,193.71	12.00	25.0%	23,193.71	-	Yes
Vehicle	1997	7/31/1997	30,641.95	12.00	25.0%	30,641.95	-	Yes
Vehicle	1997	7/31/1997	3,289.00	12.00	25.0%	3,289.00	-	Yes
Vehicle	1997	7/31/1997	626.00	12.00	25.0%	626.00	-	Yes
Vehicle	1999	7/1/1999	23,723.00	10.00	25.0%	23,723.00	-	Yes
Common	2000	12/1/2000	69,976.00	9.00	2.0%	12,595.68	57,380.32	No
Vehicle	2000	1/1/2000	21,601.00	9.00	25.0%	21,601.00	-	Yes
Vehicle	2000	3/1/2000	24,098.00	9.00	25.0%	24,098.00	-	Yes
Vehicle	2001	3/1/2001	32,326.00	8.00	25.0%	32,326.00	-	Yes
Organization	2002		36,282.69	7.00	0.0%	-	36,282.69	No
			<u>6,000,203.17</u>			<u>2,859,347.90</u>	<u>3,140,855.27</u>	

Advances in Aid of Construction

Common	1991	7/15/1991	11,611.30	18.00	2.0%	4,180.07	7,431.23	No
Common	1993	12/15/1993	1,938.50	16.00	2.0%	620.32	1,318.18	No
Common	1995	1/11/1995	5,579.76	14.00	2.0%	1,562.33	4,017.43	No
Common	1995	3/15/1995	22,218.75	14.00	2.0%	6,221.25	15,997.50	No
Common	1995	3/15/1995	7,500.00	14.00	2.0%	2,100.00	5,400.00	No
Common	1997	7/14/1997	8,730.50	12.00	2.0%	2,095.32	6,635.18	No
Common	1997	6/30/1997	23,736.03	12.00	2.0%	5,696.65	18,039.38	No
Common	1999	8/25/1999	10,148.14	10.00	2.0%	2,029.63	8,118.51	No
Common	2000	10/2/2000	1,866.20	9.00	2.0%	335.92	1,530.28	No
Common	2000	4/17/2000	11,617.18	9.00	2.0%	2,091.09	9,526.09	No
Common	2000	2/16/2000	8,134.17	9.00	2.0%	1,464.15	6,670.02	No
			<u>113,080.53</u>			<u>28,396.73</u>	<u>84,683.81</u>	

Contributions in Aid of Construction

Common	1988	7/12/1988	9,255.00	21.00	2.0%	3,887.10	5,367.90	No
Common	1990		19,145.65	19.00	2.0%	7,275.35	11,870.30	No
Common	1990		2,885.35	19.00	2.0%	1,096.43	1,788.92	No
Common	1992	4/12/1992	38,770.04	17.00	2.0%	13,181.81	25,588.23	No
Common	1994	6/26/1994	3,600.00	15.00	2.0%	1,080.00	2,520.00	No
Common	1997	2/27/1997	592.40	12.00	2.0%	142.18	450.22	No
Common	1998	4/20/1998	6,393.40	11.00	2.0%	1,406.55	4,986.85	No
Common	1998	4/27/1998	3,543.75	11.00	2.0%	779.63	2,764.13	No
Common	1999	8/31/1999	5,087.76	10.00	2.0%	1,017.55	4,070.21	No
			<u>89,273.35</u>			<u>29,866.59</u>	<u>59,406.76</u>	

WATER SERVICE CORPORATION OF KENTUCKY  
 Plant Restatement  
 Through Complete Rate Case

w/p [p]

	Year Placed in Service	Date Acq.	Utility Plant in Service		Depr. Rate	Acc. Depr.	Net Plant	Fully Deprcc.
			Total	Years in Service				
<u>Plant at Acquisition</u>								
Land	1981	1/1/1981	3,257.48	28.0	0.0%	-	3,257.48	No
Land	1981	1/1/1981	596.00	28.0	0.0%	-	596.00	No
Land	1981	1/1/1981	1,234.50	28.0	0.0%	-	1,234.50	No
Common	1985	11/21/1985	13,478.20	24.0	2.0%	6,469.54	7,008.66	No
Common	1985	11/21/1985	185,476.30	24.0	2.0%	89,028.62	96,447.68	No
Common	1985	11/21/1985	2,641.38	24.0	2.0%	1,267.86	1,373.52	No
Common	1985	11/21/1985	6,336.72	24.0	2.0%	3,041.63	3,295.09	No
Common	1985	11/21/1985	30,123.53	24.0	2.0%	14,459.29	15,664.24	No
Common	1985	11/21/1985	194,242.01	24.0	2.0%	93,236.16	101,005.85	No
Common	1985	11/21/1985	25,622.80	24.0	2.0%	12,298.94	13,323.86	No
Common	1985	11/21/1985	334,189.62	24.0	2.0%	160,411.02	173,778.60	No
Common	1985	11/21/1985	13,680.34	24.0	2.0%	6,566.56	7,113.78	No
Common	1985	11/21/1985	10,164.72	24.0	2.0%	4,879.07	5,285.65	No
Common	1985	11/21/1985	312,686.93	24.0	2.0%	150,089.73	162,597.20	No
Common	1985	11/21/1985	125,585.14	24.0	2.0%	60,280.87	65,304.27	No
Common	1985	11/21/1985	2,264,076.47	24.0	2.0%	1,086,756.71	1,177,319.76	No
Common	1985	11/21/1985	283,658.51	24.0	2.0%	136,156.08	147,502.43	No
Common	1985	11/21/1985	40,452.80	24.0	2.0%	19,417.34	21,035.46	No
Common	1985	11/21/1985	515,437.63	24.0	2.0%	247,410.06	268,027.57	No
Common	1985	11/21/1985	78,560.82	24.0	2.0%	37,709.19	40,851.63	No
Common	1985	11/21/1985	370,692.25	24.0	2.0%	177,932.28	192,759.97	No
Common	1985	11/21/1985	70,195.28	24.0	2.0%	33,693.73	36,501.55	No
Common	1985	11/21/1985	145,967.76	24.0	2.0%	70,064.52	75,903.24	No
Common	1985	11/21/1985	19,188.32	24.0	2.0%	9,210.39	9,977.93	No
Common	1985	11/21/1985	129,343.47	24.0	2.0%	62,084.87	67,258.60	No
Common	1985	11/21/1985	21,885.34	24.0	2.0%	10,504.96	11,380.38	No
Common	1997	7/31/1997	6,000.81	12.0	2.0%	1,440.19	4,560.62	No
Common	1997	7/31/1997	677.84	12.0	2.0%	162.68	515.16	No
Common	1997	7/31/1997	39,951.21	12.0	2.0%	9,588.29	30,362.92	No
Common	1997	7/31/1997	18,022.24	12.0	2.0%	4,325.34	13,696.90	No
Common	1997	7/31/1997	29,151.79	12.0	2.0%	6,996.43	22,155.36	No
Common	1997	7/31/1997	34,478.84	12.0	2.0%	8,274.92	26,203.92	No
Common	1997	7/31/1997	682.50	12.0	2.0%	163.80	518.70	No
Common	1997	7/31/1997	33,053.68	12.0	2.0%	7,932.88	25,120.80	No
Common	1997	7/31/1997	6,843.71	12.0	2.0%	1,642.49	5,201.22	No
Common	1997	7/31/1997	12,226.94	12.0	2.0%	2,934.47	9,292.47	No
Common	1997	7/31/1997	337.29	12.0	2.0%	80.95	256.34	No

	Year Placed in Service	Date Acq.	Utility Plant in Service		Depr. Rate	Acc. Depr.	Net Plant	Fully Deprec.
			Total	Years in Service				
Common	1997	7/31/1997	25,347.95	12.0	2.0%			
Common	1997	7/31/1997	7,520.74	12.0	2.0%	6,083.51	19,264.44	No
Common	1997	7/31/1997	20,637.80	12.0	2.0%	1,804.98	5,715.76	No
Common	1997	7/31/1997	3,041.00	12.0	2.0%	4,953.07	15,684.73	No
Common	1997	7/31/1997	854.21	12.0	2.0%	729.84	2,311.16	No
Common	1997	7/31/1997	8,920.93	12.0	2.0%	205.01	649.20	No
Common	1997	7/31/1997	18,713.80	12.0	2.0%	2,141.02	6,779.91	No
Common	1997	7/31/1997	42,319.97	12.0	2.0%	4,491.31	14,222.49	No
Common	1997	7/31/1997	117,894.63	12.0	2.0%	10,156.79	32,163.18	No
Common	1997	7/31/1997	2,383.00	12.0	2.0%	28,294.71	89,599.92	No
Land	1997	7/31/1997	454.00	12.0	2.0%	571.92	1,811.08	No
Land	1997	7/31/1997	840.80	12.0	0.0%	108.96	345.04	No
Land	1997	7/31/1997	6,853.00	12.0	0.0%	-	840.80	No
Land	1997	7/31/1997	628.83	12.0	0.0%	-	6,853.00	No
Land	1997	7/31/1997	1,025.44	12.0	0.0%	-	628.83	No
Land	1997	7/31/1997	5,496.00	12.0	0.0%	-	1,025.44	No
Vehicle	1997	7/31/1997	112.00	12.0	0.0%	-	5,496.00	No
Vehicle	1997	7/31/1997	91,200.55	12.0	25.0%	-	112.00	No
Vehicle	1997	7/31/1997	23,193.71	12.0	25.0%	91,200.55	-	Yes
Vehicle	1997	7/31/1997	30,641.95	12.0	25.0%	23,193.71	-	Yes
Vehicle	1997	7/31/1997	3,289.00	12.0	25.0%	30,641.95	-	Yes
Vehicle	1999	7/1/1999	626.00	12.0	25.0%	3,289.00	-	Yes
Common	2000	12/1/2000	23,723.00	10.0	25.0%	626.00	-	Yes
Vehicle	2000	1/1/2000	69,976.00	9.0	2.0%	23,723.00	-	Yes
Vehicle	2000	3/1/2000	21,601.00	9.0	25.0%	12,595.68	57,380.32	No
Vehicle	2001	3/1/2001	24,098.00	9.0	25.0%	21,601.00	-	Yes
Organization	2002		32,326.00	8.0	25.0%	24,098.00	-	Yes
Organization	2002		102,864.30	7.0	0.0%	32,326.00	-	Yes
Common	2002		36,282.69	7.0	0.0%	-	102,864.30	No
Computers	2002		38,243.82	7.0	2.0%	-	36,282.69	No
Vehicle	2002		5,780.15	7.0	12.5%	5,354.13	32,889.69	No
			25,878.91	7.0	25.0%	5,057.63	722.52	No
			6,172,970.35			25,878.91	-	Yes
<b>2003 Plant Additions</b>						2,895,638.58	3,277,331.77	
Common	2003							
Computers	2003		210,574.95	6.0	2.0%			
Vehicle	2003		3,592.20	6.0	12.5%	25,268.99	185,305.96	No
Land	2003		66,712.73	6.0	25.0%	2,694.15	898.05	No
Organization	2003		-	6.0	0.0%	66,712.73	-	Yes
			22,898.39	6.0	0.0%	-	-	Yes
<b>Subtotal</b>			303,778.27			-	22,898.39	No
						94,675.87	209,102.40	
<b>2004 Plant Additions</b>								
Common	2004							
Computers	2004		456,980.03	5.0	2.0%			
Vehicle	2004		2,901.96	5.0	12.5%	45,698.00	411,282.03	No
Land	2004		55,831.70	5.0	25.0%	1,813.73	1,088.24	No
			-	5.0	0.0%	55,831.70	-	Yes
						-	-	Yes

Organization	Year Placed in Service	Date Acq.	Utility Plant in Service		Years in Service	Depr. Rate	Acc. Depr.	Net Plant	Fully Deprac.
			Total						
	2004		1,945.82		5.0	0.0%	-	1,945.82	No
		Subtotal	517,659.51				103,343.43	414,316.08	
		Total	6,994,408.13				3,093,657.88	3,900,750.25	
<u>2005 Plant Additions</u>									
Common	2005		709,699.03		4.0	2.0%	56,775.92	652,923.11	No
Computers	2005		4,157.92		4.0	12.5%	2,078.96	2,078.96	No
Vehicle	2005		19,892.64		4.0	25.0%	19,892.64	-	Yes
Land	2005		-		4.0	0.0%	-	-	Yes
Organization	2005		402.90		4.0	0.0%	-	402.90	No
		Subtotal	734,152.49				78,747.52	655,404.97	
		Total	7,728,560.62				3,172,405.40	4,556,155.22	
<u>2006 Plant Additions</u>									
Common	2006		473,734.75		3.0	2.0%	28,424.09	445,310.67	No
Computers	2006		2,112.29		3.0	12.5%	792.11	1,320.18	No
Vehicle	2006		15,605.90		3.0	25.0%	11,704.43	3,901.48	No
Land	2006		-		3.0	0.0%	-	-	Yes
Organization	2006		-		3.0	0.0%	-	-	Yes
		Subtotal	491,452.94				40,920.62	450,532.32	

	Year Placed in Service	Date Acq.	Utility Plant in Service		Depr. Rate	Acc. Depr.	Net Plant	Fully Deprec.
			Total	Years in Service				
<u>2007 Plant Additions GLAP</u>								
Common	2007		225,174.75	2.0	2.0%	9,006.99	216,167.76	No
Computers	2007		138,625.61	2.0	12.5%	34,656.40	103,969.21	No
Vehicle	2007		32,536.51	2.0	25.0%	16,268.26	16,268.26	No
Land	2007		-	2.0	0.0%	-	-	Yes
Organization	2007		-	2.0	0.0%	-	-	Yes
		Subtotal	<u>396,336.87</u>			<u>59,931.65</u>	<u>336,405.22</u>	
<u>Jun 2008 Plant Additions JDE</u>								
Common	2008		592,293.11	1.0	2.0%	11,845.86	580,447.25	No
Computers	2008		360,958.04	1.0	12.5%	45,119.76	315,838.29	No
Vehicle	2008		10,798.42	1.0	25.0%	2,699.61	8,098.82	No
Land	2008		-	1.0	0.0%	-	-	Yes
Organization	2008		-	1.0	0.0%	-	-	Yes
		Subtotal	<u>964,049.57</u>			<u>59,665.22</u>	<u>904,384.33</u>	
		Total	<u>9,580,400.00</u>			<u>3,332,922.89</u>	<u>6,247,477.11</u>	

	Year Placed in Service	Date Acq.	Utility Plant in Service		Depr. Rate	Acc. Depr.	Net Plant	Fully Deprec.
			Total	Years in Service				
<u>Advances in Aid of Construction</u>								
Common	1991	7/15/1991	11,611.30	18.0	2.0%	4,180.07	7,431.23	No
Common	1993	12/15/1993	1,938.50	16.0	2.0%	620.32	1,318.18	No
Common	1995	1/11/1995	5,579.76	14.0	2.0%	1,562.33	4,017.43	No
Common	1995	3/15/1995	22,218.75	14.0	2.0%	6,221.25	15,997.50	No
Common	1995	3/15/1995	7,500.00	14.0	2.0%	2,100.00	5,400.00	No
Common	1997	7/14/1997	8,730.50	12.0	2.0%	2,095.32	6,635.18	No
Common	1997	6/30/1997	23,736.03	12.0	2.0%	5,696.65	18,039.38	No
Common	1999	8/25/1999	10,148.14	10.0	2.0%	2,029.63	8,118.51	No
Common	2000	10/2/2000	1,866.20	9.0	2.0%	335.92	1,530.28	No
Common	2000	4/17/2000	11,617.18	9.0	2.0%	2,091.09	9,526.09	No
Common	2000	2/16/2000	8,134.17	9.0	2.0%	1,464.15	6,670.02	No
		Subtotal	113,080.53			28,396.73	84,683.81	
		Total	113,080.53			28,396.73	84,683.81	
<u>Contributions in Aid of Construction</u>								
Common	1988	7/12/1988	9,255.00	21.0	2.0%	3,887.10	5,367.90	No
Common	1990		19,145.65	19.0	2.0%	7,275.35	11,870.30	No
Common	1990		2,885.35	19.0	2.0%	1,096.43	1,788.92	No
Common	1992	4/12/1992	38,770.04	17.0	2.0%	13,181.81	25,588.23	No
Common	1994	6/26/1994	3,600.00	15.0	2.0%	1,080.00	2,520.00	No
Common	1997	2/27/1997	592.40	12.0	2.0%	142.18	450.22	No
Common	1998	4/20/1998	6,393.40	11.0	2.0%	1,406.55	4,986.85	No
Common	1998	4/27/1998	3,543.75	11.0	2.0%	779.63	2,764.13	No
Common	1999	8/31/1999	5,087.76	10.0	2.0%	1,017.55	4,070.21	No
		Subtotal	89,273.35			29,866.59	59,406.76	
<u>Contributions in Aid of Construction 2003 Additions</u>								
Common	2003		(8,249.36)	6.0	2.0%	(989.92)	(7,259.44)	No
Common	2003		221.00	6.0	2.0%	26.52	194.48	No
		Subtotal	(8,028.36)			(963.40)	(7,064.96)	
<u>Contributions in Aid of Construction 2007 Additions</u>								
Common	2007		(6,646.02)	2.0	2.0%	(265.84)	(6,380.18)	No
Common	2007		-	2.0	2.0%	-	-	Yes
		Subtotal	(6,646.02)			(265.84)	(6,380.18)	
<u>Contributions in Aid of Construction 2008 Additions</u>								
Common	2008		-	1.0	2.0%	-	-	Yes
Common	2008		-	1.0	2.0%	-	-	Yes
		Subtotal	-			-	-	
		Total	74,598.97			28,637.35	45,961.62	



**WATER SERVICE CORPORATION OF KENTUCKY**  
**Expenses & UPIS Allocated to the City of Clinton Sewer Operations**

w/p [q]

<u>Expense Reductions</u>	<u>Amount</u>
Operator Salaries	\$ (44,375)
Operator Payroll taxes	(3,628)
Operator Benefits	(10,717)
Transportation exp.	(4,025)
Total O & M Expense Reduction	<u>(62,745)</u>
Office Salaries	(5,687)
Office Payroll taxes	(408)
Office Benefits	(1,701)
Total General Expense Reduction	<u>(7,797)</u>
Vehicle depreciation	(691)
Total expense reduction	<u>\$ (71,233)</u>

<u>Rate Base Reductions</u>	<u>Amount</u>
UPIS - Vehicles	\$ (47,199)
Accum. Dep. - Vehicles	41,162
Total rate base reductions	<u>\$ (6,036)</u>

**WATER SERVICE CORPORATION OF KENTUCKY**  
**Basis for Salary Al**

w/p [q]2]

Employee

REDACTED

Total Percentage Allocated to  
Clinton Sewer Operations Per  
JDE Salary Allocation Report

**Operator**

Leonard, James Ronald  
Pickard, Michael Anthony  
Turner, John R

**Office**

Hult, Christine D  
McIntyre, D. Renee  
Spelts, Cristle B  
Standifer, Reba Faye  
Southern, Dana

CONFIDENTIAL

**WATERBURY COMPARISON OF RESULTS**  
**Abstract of Tests and Results**

**Materials**

W. V. Gages  
E. D. Hines  
Edward James Smith  
M. H. Thompson  
John Smith  
John Michael  
Edward Michael  
James Smith  
William Smith  
George Smith  
George Smith  
George Smith

**Apparatus**

Model 100  
Model 100  
Model 100  
Model 100

**Total Operator Names**

**Operator Allocation**

W. V. Gages  
E. D. Hines  
Edward James Smith  
M. H. Thompson  
John Smith  
John Michael  
Edward Michael  
James Smith  
William Smith  
George Smith  
George Smith  
George Smith

**Apparatus**

Model 100  
Model 100  
Model 100  
Model 100

**Total Operator Allocation**

**Other**

George Smith  
George Smith  
George Smith  
George Smith  
George Smith  
George Smith  
George Smith  
George Smith  
George Smith  
George Smith

**Total Operator Allocation**

**Other**

George Smith  
George Smith  
George Smith  
George Smith  
George Smith  
George Smith  
George Smith  
George Smith  
George Smith  
George Smith

**Other**

George Smith  
George Smith  
George Smith  
George Smith  
George Smith  
George Smith  
George Smith  
George Smith  
George Smith  
George Smith

REDACTED

CONFIDENTIAL

**Maintenance**  
Leonard, James  
Pickard, Michael  
Turner, John

**Total Operator Salary**

**Operator Allocation**

Leonard, James  
Pickard, Michael  
Turner, John

**Total Operator Allocation**

**Office**  
Hull, Christine D  
McIntyre, D. Renee  
Speltz, Cristle B  
Sundtler, Reba Faye  
Southern, Dana  
Total Clinton Office

**Total Clinton Office Alloc**

REDACTED

CONFIDENTIAL

**WATER SERVICE CORPORATION OF KENTUCKY**  
**Adjustment to Insurance Expense**  
**Test Year Ended June 30, 2008**

w/p [u]

Line No.	A	B	C	D	E
		Allocation Amount @ 9/30/07			Total
1	Amount Booked to TB	\$ 4,589			\$ 4,589
2					
3	Remove from TB	\$ (4,589)			\$ (4,589)
4					
5	Amount Corrected	16,592			\$ 16,592
6					
7	Amount of Adjustment	<u>\$ 12,003</u>			<u>\$ 12,003</u>

8  
9

10

11 **Note:**

12 This adjustment pertains to an error in the calculation of the Insurance Expense allocation. This error in the allocation process has been corrected going forward.

13

14

15

16

17

	Customers	Total All
Water Allocation	7,991	12,003
Sewer Allocation	-	-
	<u>7,991</u>	<u>12,003</u>

WATER SERVICE CORPORATION OF KENTUCKY  
 CPI Increase  
 Test Year Ended 6/30/08

2007			
	<u>Amount</u>	<u>Date</u>	
Beginning	111.30	01/01/05	
Ending	125.58	06/30/08	
Difference	<u>14.28</u>	<u>3.5</u>	A ROR
			<b>3.514%</b>

Source: [www.bls.gov](http://www.bls.gov)

Series Id: CUSR0000SA0  
 Seasonally Adjusted  
 Area: U.S. city average  
 Item: All items  
<http://www.bls.gov/cpi/cpid0806.pdf>

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2000	-	-	-	-	-	-	-	-	-	-	-	100.00
2001	100.30	100.90	101.60	101.60	101.70	102.10	102.30	102.30	102.80	102.90	102.80	102.60
2002	100.30	101.70	103.90	104.20	104.60	104.80	104.50	104.60	104.90	104.70	104.40	103.90
2003	104.20	104.50	105.10	105.60	105.60	105.60	105.70	106.00	106.30	106.40	106.30	106.00
2004	106.50	107.30	107.90	107.70	107.50	107.60	107.70	108.20	108.50	108.40	108.00	107.80
2005	108.50	109.10	109.70	110.00	110.60	110.80	110.70	110.70	111.00	111.60	111.60	111.20
2006	111.30	111.90	112.60	113.40	113.30	113.20	113.70	114.30	115.60	115.70	114.90	114.40
2007	115.20	115.40	116.00	116.90	117.50	117.70	118.10	118.30	117.80	117.10	116.90	117.00
2008	117.31	117.90	118.98	119.71	120.29	120.48	120.38	120.20	120.54	120.82	121.44	121.32
2009	121.90	122.25	123.20	123.85	124.65	125.58	-	-	-	-	-	-

**WATER SERVICE CORPORATION OF KENTUCKY**  
**Transportation Allocation**

w/p [q]14

	Amount	Percent to total
Total WSCK Operator's Salaries	\$ 404,991	90.12%
Total WSCK Operator's Salaries Allocated to City of Clinton Sewer Operations:	44,375	9.88%
	<u>\$ 449,366</u>	<u>100.00%</u>
Total WSCK Transportation Expense	\$ 40,756	
Percent to Total Allocated to City of Clinton Sewer Operations:	9.88%	
Total WSCK Transportation Expense Allocated to Clinton Sewer Operations:	\$ 4,025	
Total WSCK Vehicle Depreciation	\$ 7,000	
Percent to Total Allocated to City of Clinton Sewer Operations:	9.88%	
Total WSCK Transportation Expense Allocated to Clinton Sewer Operations:	\$ 691	
Total WSCK Vehicle	\$ 477,956	
Percent to Total Allocated to City of Clinton Sewer Operations:	9.88%	
Total WSCK UPIS Allocated to Clinton Sewer Operations:	\$ 47,199	
Total WSCK Accumulated Depreciation Vehicle	\$ (416,829)	
Percent to Total Allocated to City of Clinton Sewer Operations:	9.88%	
Total WSCK Accumulated Depreciation Vehicle Allocated to Clinton Sewer Operations:	\$ (41,162)	

**WATER SERVICE CORPORATION OF KENTUCKY**  
**Average Bill**

	Rate	Average Usage	Average Bill
Present: 16001 - 5/8" residential city w/ school tax - Middlesboro		4,341	\$ 15.8
16011 - 5/8" commercial city w/ school tax and KY state sales tax - Middlesboro		4,341	15.8
16012 - 3/4" commercial city w/ school tax and KY state sales tax - Middlesboro		4,341	15.8
16031 - 5/8" residential county w/ school tax - Middlesboro		4,341	15.8
16041 - 5/8" commercial county w/ school tax and KY state sales tax - Middlesboro		4,341	15.8
16071 - 5/8" industrial city w/ school tax and KY state sales tax - Middlesboro		4,341	15.8
16081 - 5/8" commercial city w/ school tax - Middlesboro		4,341	15.8
16091 - 5/8" government city w/ school tax - Middlesboro		4,341	15.8
Present: 5/8" meters - Middlesboro		4,341	\$ 15.8
First 1,000 (minimum 1,000)	\$ 6.74		
Next 9,000	\$ 2.71		
Next 15,000	\$ 2.47		
Next 25,000	\$ 2.35		
Next 50,000	\$ 2.10		
Over 100,000	\$ 1.92		
Present: 16003 - 1" residential city w/ school tax - Middlesboro		16,508	\$ 47.21
16013 - 1" commercial city w/ school tax and KY state sales tax - Middlesboro		16,508	47.21
16033 - 1" residential county w/ school tax - Middlesboro		16,508	47.21
16043 - 1" commercial county w school tax and KY state sales tax - Middlesboro		16,508	47.21
16073 - 1" industrial city w/ school tax and KY state sales tax - Middlesboro		16,508	47.21
16082 - 1" commercial city w/ school tax - Middlesboro		16,508	47.21
16092 - 1" government city w/ school tax - Middlesboro		16,508	47.21
Present: 1" meters - Middlesboro		16,508	\$ 47.21
First 6,000 (minimum charge)	\$ 20.29		
Next 4,000	\$ 2.71		
Next 15,000	\$ 2.47		
Next 25,000	\$ 2.35		
Next 50,000	\$ 2.10		
Over 100,000	\$ 1.92		
Present: 16015 - 1 1/2" commercial city w/ school tax and KY state sales tax - Middlesboro		46,066	\$ 117.69
16045 - 1 1/2" commercial county w/ school tax and KY state sales tax - Middlesboro		46,066	117.69
16075 - 1 1/2" industrial city w/ school tax and KY state sales tax - Middlesboro		46,066	117.69
16093 - 1 1/2" government city w/ school tax - Middlesboro		46,066	117.69
Present: 1 1/2" meters - Middlesboro		46,066	\$ 117.69
First 13,000 (minimum charge)	\$ 38.54		
Next 12,000	\$ 2.47		
Next 25,000	\$ 2.35		
Next 50,000	\$ 2.10		
Over 100,000	\$ 1.92		
Present: 16016 - 2" commercial city w/ school tax and KY state sales tax - Middlesboro		68,083	\$ 164.91
16076 - 2" industrial city w/ school tax and KY state sales tax - Middlesboro		68,083	164.91
16083 - 2" commercial city w/ school tax - Middlesboro		68,083	164.91
16094 - 2" government city w/ school tax - Middlesboro		68,083	164.91



**WATER SERVICE CORPORATION OF KENTUCKY**  
**Average Bill**

	Rate	Average Usage	Average Bill
Present: 2" meters - Middlesboro		68,083	\$ 164.9
First 21,400 (minimum charge)	\$ 59.29		
Next 3,600	\$ 2.47		
Next 25,000	\$ 2.35		
Next 50,000	\$ 2.10		
Over 100,000	\$ 1.92		
Present: 16017 - 3" commercial city w/ school tax and KY state sales tax - Middlesboro		188,749	\$ 402.3
16077 - 3" industrial city w/ school tax and KY state sales tax - Middlesboro		188,749	402.3
16090 - 3" commercial Pineville w/ school tax - Middlesboro		188,749	402.3
16095 - 3" government city w/ school tax - Middlesboro		188,749	402.3
Present: 3" meters - Middlesboro		188,749	\$ 402.3
First 68,400 (minimum charge)	\$ 165.57		
Next 31,600	\$ 2.10		
Over 100,000	\$ 1.92		
Present: 16018 - 4" commercial city w/ school tax and KY state sales tax - Middlesboro		100,906	\$ 284.73
16078 - 4" industrial city w/ school tax and KY state sales tax - Middlesboro		100,906	284.73
16096 - 4" government city w/ school tax - Middlesboro		100,906	284.73
Present: 4" meters - Middlesboro		100,906	\$ 284.73
First 127,500 gallons (minimum charge)	\$ 284.73		
Over 127,500 gallons	\$ 1.92		
Present: 16019 - 6" commercial city w/ school tax and KY state sales tax - Middlesboro		845,855	\$1,663.97
16079 - 6" industrial city w/ school tax and KY state sales tax - Middlesboro		845,855	1,663.97
Present: 6" meters - Middlesboro		845,855	\$1,663.97
First 281,500 (minimum charge)	\$ 580.41		
Over 281,500	\$ 1.92		
Present: 16010 - Industrial city special w/ school tax and KY state sales tax - Middlesboro (flat rate)	\$ 118.58	-	\$ 118.58
Present: 16037 - Commercial city sprinkler - Middlesboro (flat rate)	\$ 15.00	-	\$ 15.00
Present: 16039 - Industrial city sprinkler - Middlesboro (flat rate)	\$ 15.00	-	\$ 15.00
Present: 16040 - Commercial city special - Middlesboro (flat rate)	\$ 30.00	-	\$ 30.00
Present: 16050 - Commercial county special - Middlesboro (flat rate)	\$ 45.00	-	\$ 45.00
Present: 16055 - Commercial county special - Middlesboro (flat rate)	\$ 315.00	-	\$ 315.00
Present: 16056 - Government city special - Middlesboro (flat rate)	\$ 30.00	-	\$ 30.00
Present: 16058 - Government city special - Middlesboro (flat rate)	\$ 105.00	-	\$ 105.00
Present: 16060 - Commercial city special - Middlesboro (flat rate)	\$ 45.00	-	\$ 45.00
Present: 16070 - Commercial city special - Middlesboro (flat rate)	\$ 60.00	-	\$ 60.00
Present: 16088 - Industrial city sprinkler - Middlesboro (flat rate)	\$ 60.00	-	\$ 60.00
Present: 16089 - Industrial city special - Middlesboro (flat rate)	\$ 75.00	-	\$ 75.00
Present: 16098 - Government city hydrant (per hydrant) - Middlesboro (flat rate)	\$ 3.33	-	\$ 3.33

**WATER SERVICE CORPORATION OF KENTUCKY**  
**Average Bill**

	Rate	Average Usage	Average Bill
Present:			
16204 - 5/8" commercial w/ school tax and KY state sales tax - Clinton		3,699	\$ 22.8
16205 - 5/8" residential w/ school tax - Clinton		3,699	22.8
16206 - 5/8" public authority w/ school tax - Clinton		3,699	22.8
16214 - 3/4" commercial w/ school tax and KY state sales tax - Clinton		3,699	22.8
16234 - 3/4" commercial out of city w/ school tax and KY state sales tax - Clinton		3,699	22.8
16235 - 5/8" residential w/ school tax - Clinton		3,699	22.8
16236 - 3/4" public authority out of city w/ school tax - Clinton		3,699	22.8
16242 - 3/4" commercial w/ school tax - Clinton		3,699	22.8
16246 - 3/4" public authority w/ school tax - Clinton		3,699	22.8
16263 - 3/4" residential w/ school tax and KY state sales tax - Clinton		3,699	22.8
16265 - 3/4" residential out of city w/ school tax - Clinton		3,699	22.8
16272 - 3/4" multi commercial w/ school tax - Clinton		3,699	22.8
16275 - 3/4" Multi Com Wtr		3,699	22.8
16276 - 3/4" Multi Com Wtr		3,699	22.8
16287 - 5/8" multi commercial w/ school tax and KY state sales tax - Clinton		3,699	22.8
16290 - 3/4" Pub Auth Wtr		3,699	22.8
16293 - 3/4" Wtr Com Out City		3,699	22.8
16294 - 3/4" Com Wtr		3,699	22.8
16295 - 3/4" Res Wtr		3,699	22.8
16296 - 3/4" Res Wtr out of city		3,699	22.8
16297 - 3/4" multi commercial w/ school tax and KY state sales tax - Clinton		3,699	22.8
Present:		3,699	\$ 22.81
5/8" and 3/4" meters - Clinton			
First 1,000 (minimum charge)	\$ 9.02		
Next 9,000	\$ 5.11		
Next 15,000	\$ 4.69		
Next 25,000	\$ 4.27		
Next 50,000	\$ 3.79		
Over 100,000	\$ 3.31		
Present:			
16208 - 1" public authority w/ school tax - Clinton		14,707	\$ 71.97
16230 - 1" commercial out of city w/ school tax and KY state sales tax - Clinton		14,707	71.97
16244 - 1" commercial w/ school tax and KY state sales tax - Clinton		14,707	71.97
16247 - 1" multi residential w/ school tax and KY state sales tax - Clinton		14,707	71.97
16279 - 1" Multi Wtr - Clinton		14,707	71.97
16292 - 1" Wtr Com Out City - Clinton		14,707	71.97
Present:		14,707	\$ 71.97
1" meters - Clinton			
First 5,300 (minimum charge)	\$ 30.99		
Next 3,700	\$ 5.11		
Next 15,000	\$ 4.69		
Next 25,000	\$ 4.27		
Next 50,000	\$ 3.79		
Over 100,000	\$ 3.31		
Present:			
16238 - 1 1/2" public authority w/ school tax - Clinton		55,640	\$ 256.19
16252 - 1 1/2" industrial city w/ school tax and KY state sales tax - Clinton		55,640	256.19
16254 - 1 1/2" commercial w/ school tax and KY state sales tax - Clinton		55,640	256.19
Present:		55,640	\$ 256.19
1 1/2" meters - Clinton			
First 11,200 (minimum)	\$ 60.64		
Next 13,800	\$ 4.69		
Next 25,000	\$ 4.27		
Next 50,000	\$ 3.79		
Over 100,000	\$ 3.31		
Present:			
16248 - 2" public authority w/ school tax - Clinton		70,453	\$ 309.62
16257 - 2" multi residential w/ school tax and KY state sales tax - Clinton		70,453	309.62
16262 - 2" industrial w/ school tax and KY state sales tax - Clinton		70,453	309.62
16264 - 2" commercial w/ school tax and KY state sales tax - Clinton		70,453	309.62
16278 - 2" Multi Wtr - Clinton		70,453	309.62
16291 - 2" Pub Auth Wtr - Clinton		70,453	309.62
Present:		70,453	\$ 309.62
2" meters - Clinton			

**WATER SERVICE CORPORATION OF KENTUCKY**  
**Average Bill**

	<u>Rate</u>	<u>Average Usage</u>	<u>Average Bill</u>
First 17,600 (minimum)	\$ 90.65		
Next 7,400	\$ 4.69		
Next 25,000	\$ 4.27		
Next 50,000	\$ 3.79		
Over 100,000	\$ 3.31		
<b>Present: 16280 - 6" commercial w/ school tax and KY state sales tax - Clinton</b>		-	<b>\$ 919.7</b>
<b>Present: 6" meters - Clinton</b>		-	<b>\$ 919.7</b>
First 250,500 (minimum)	\$ 919.77		
Over 250,500	\$ 3.31		
<b>Present: 16285 - Hydrant - private (\$7.50/month) - Clinton (flat rate)</b>	<b>\$ 15.00</b>	-	<b>\$ 15.0</b>
<b>Present: 16286 - 5/8" sprinkler - private (\$15.00/month) - Clinton (flat rate)</b>	<b>\$ 15.00</b>	-	<b>\$ 15.0</b>
<b>Present: 16299 - Hydrant - municipal (\$3.3334/hydrant/month) - Clinton (flat rate)</b>	<b>\$ 3.33</b>	-	<b>\$ 3.3</b>

**WATER SERVICE CORPORATION OF KENTUCKY**  
**Average Bill**

	Rate	Average Usage	Average Bill
<b>5/8" - 3/4"</b>			
First 1,000	\$ 10.16		
Next 9,000	\$ 4.09		
Next 15,000	\$ 3.72		
Next 25,000	\$ 3.54		
Next 50,000	\$ 3.17		
Over 100,000	\$ 2.90		
Proposed:			
16001 - 5/8" residential city w/ school tax - Middlesboro		4,341	\$ 23.82
16011 - 5/8" commercial city w/ school tax and KY state sales tax - Middlesboro		4,341	23.82
16012 - 3/4" commercial city w/ school tax and KY state sales tax - Middlesboro		4,341	23.82
16031 - 5/8" residential county w/ school tax - Middlesboro		4,341	23.82
16041 - 5/8" commercial county w/ school tax and KY state sales tax - Middlesboro		4,341	23.82
16071 - 5/8" industrial city w/ school tax and KY state sales tax - Middlesboro		4,341	23.82
16081 - 5/8" commercial city w/ school tax - Middlesboro		4,341	23.82
16091 - 5/8" government city w/ school tax - Middlesboro		4,341	23.82
Proposed:			
5/8" meters		4,341	\$ 23.82
<b>1"</b>			
First 6,000	\$ 30.60		
Next 4,000	\$ 4.09		
Next 15,000	\$ 3.72		
Next 25,000	\$ 3.54		
Next 50,000	\$ 3.17		
Over 100,000	\$ 2.90		
Proposed:			
16003 - 1" residential city w/ school tax - Middlesboro		16,508	\$ 71.19
16013 - 1" commercial city w/ school tax and KY state sales tax - Middlesboro		16,508	71.19
16033 - 1" residential county w/ school tax - Middlesboro		16,508	71.19
16043 - 1" commercial county w school tax and KY state sales tax - Middlesboro		16,508	71.19
16073 - 1" industrial city w/ school tax and KY state sales tax - Middlesboro		16,508	71.19
16082 - 1" commercial city w/ school tax - Middlesboro		16,508	71.19
16092 - 1" government city w/ school tax - Middlesboro		16,508	71.19
Proposed:			
1" meters		16,508	\$ 71.19
<b>1 1/2"</b>			
First 13,000	\$ 58.12		
Next 12,000	\$ 3.72		
Next 25,000	\$ 3.54		
Next 50,000	\$ 3.17		
Over 100,000	\$ 2.90		
Proposed:			
16015 - 1 1/2" commercial city w/ school tax and KY state sales tax - Middlesboro		46,066	\$ 177.47
16045 - 1 1/2" commercial county w/ school tax and KY state sales tax - Middlesboro		46,066	177.47
16075 - 1 1/2" industrial city w/ school tax and KY state sales tax - Middlesboro		46,066	177.47
16093 - 1 1/2" government city w/ school tax - Middlesboro		46,066	177.47
Proposed:			
1 1/2" meters		46,066	\$ 177.47
<b>2"</b>			
First 21,400	\$ 89.41		
Next 3,600	\$ 3.72		
Next 25,000	\$ 3.54		
Next 50,000	\$ 3.17		
Over 100,000	\$ 2.90		
Proposed:			
16016 - 2" commercial city w/ school tax and KY state sales tax - Middlesboro		68,083	\$ 248.68
16076 - 2" industrial city w/ school tax and KY state sales tax - Middlesboro		68,083	248.68
16083 - 2" commercial city w/ school tax - Middlesboro		68,083	248.68
16094 - 2" government city w/ school tax - Middlesboro		68,083	248.68
Proposed:			
2" meters		68,083	\$ 248.68

**WATER SERVICE CORPORATION OF KENTUCKY**  
**Average Bill**

	<u>Rate</u>	<u>Average Usage</u>	<u>Average Bill</u>
<b>3"</b>			
First 68,400	\$ 249.68		
Next 31,600	\$ 3.17		
Over 100,000	\$ 2.90		
Proposed: 16017 - 3" commercial city w/ school tax and KY state sales tax - Middlesboro		188,749	\$ 606.7
16077 - 3" industrial city w/ school tax and KY state sales tax - Middlesboro		188,749	\$ 606.7
16090 - 3" commercial Pineville w/ school tax - Middlesboro		188,749	\$ 606.7
16095 - 3" government city w/ school tax - Middlesboro		188,749	\$ 606.7
Proposed: 3" meters		188,749	\$ 606.7
<b>4"</b>			
First 127,500	\$ 429.37		
Over 127,500	\$ 2.90		
Proposed: 16018 - 4" commercial city w/ school tax and KY state sales tax - Middlesboro		100,906	\$ 429.37
16078 - 4" industrial city w/ school tax and KY state sales tax - Middlesboro		100,906	\$ 429.37
16096 - 4" government city w/ school tax - Middlesboro		100,906	\$ 429.37
Proposed: 4" meters		100,906	\$ 429.37
<b>6"</b>			
First 281,500	\$ 875.26		
Over 281,500	\$ 2.90		
Proposed: 16019 - 6" commercial city w/ school tax and KY state sales tax - Middlesboro		845,855	\$2,509.27
16079 - 6" industrial city w/ school tax and KY state sales tax - Middlesboro		845,855	2,509.27
Proposed: 6" meters		845,855	\$2,509.27
Proposed: 16010 - Industrial city special w/ school tax and KY state sales tax - Middlesboro (flat rate)	\$ 178.82	-	\$ 178.82
Proposed: 16037 - Commercial city sprinkler - Middlesboro (flat rate)	\$ 22.62	-	\$ 22.62
Proposed: 16039 - Industrial city sprinkler - Middlesboro (flat rate)	\$ 22.62	-	\$ 22.62
Proposed: 16040 - Commercial city special - Middlesboro (flat rate)	\$ 45.24	-	\$ 45.24
Proposed: 16050 - Commercial county special - Middlesboro (flat rate)	\$ 67.86	-	\$ 67.86
Proposed: 16055 - Commercial county special - Middlesboro (flat rate)	\$ 475.02	-	\$ 475.02
Proposed: 16056 - Government city special - Middlesboro (flat rate)	\$ 45.24	-	\$ 45.24
Proposed: 16058 - Government city special - Middlesboro (flat rate)	\$ 158.34	-	\$ 158.34
Proposed: 16060 - Commercial city special - Middlesboro (flat rate)	\$ 67.86	-	\$ 67.86
Proposed: 16070 - Commercial city special - Middlesboro (flat rate)	\$ 90.48	-	\$ 90.48
Proposed: 16088 - Industrial city sprinkler - Middlesboro (flat rate)	\$ 90.48	-	\$ 90.48
Proposed: 16089 - Industrial city special - Middlesboro (flat rate)	\$ 113.10	-	\$ 113.10
Proposed: 16098 - Government city hydrant (per hydrant) - Middlesboro (flat rate)	\$ 5.02	-	\$ 5.02

**WATER SERVICE CORPORATION OF KENTUCKY**  
**Average Bill**

	Rate	Average Usage	Average Bill
<b>CLINTON PROPOSED</b>			
5/8" - 3/4"			
	First 1,000 (minimum charge)		\$ 13.60
	Next 9,000		\$ 7.71
	Next 15,000		\$ 7.07
	Next 25,000		\$ 6.44
	Next 50,000		\$ 5.72
	Over 100,000		\$ 4.99
Proposed:	16204 - 5/8" commercial w/ school tax and KY state sales tax - Clinton	3,699	\$ 34.40
	16205 - 5/8" residential w/ school tax - Clinton	3,699	\$ 34.40
	16206 - 5/8" public authority w/ school tax - Clinton	3,699	\$ 34.40
	16214 - 3/4" commercial w/ school tax and KY state sales tax - Clinton	3,699	\$ 34.40
	16234 - 3/4" commercial out of city w/ school tax and KY state sales tax - Clinton	3,699	\$ 34.40
	16235 - 5/8" residential w/ school tax - Clinton	3,699	\$ 34.40
	16236 - 3/4" public authority out of city w/ school tax - Clinton	3,699	\$ 34.40
	16242 - 3/4" commercial w/ school tax - Clinton	3,699	\$ 34.40
	16246 - 3/4" public authority w/ school tax - Clinton	3,699	\$ 34.40
	16263 - 3/4" residential w/ school tax and KY state sales tax - Clinton	3,699	\$ 34.40
	16265 - 3/4" residential out of city w/ school tax - Clinton	3,699	\$ 34.40
	16272 - 3/4" multi commercial w/ school tax - Clinton	3,699	\$ 34.40
	16287 - 5/8" multi commercial w/ school tax and KY state sales tax - Clinton	3,699	\$ 34.40
	16297 - 3/4" multi commercial w/ school tax and KY state sales tax - Clinton	3,699	\$ 34.40
		3,699	\$ 34.40
1"			
	First 5,300		\$ 46.73
	Next 3,700		\$ 7.71
	Next 15,000		\$ 7.07
	Next 25,000		\$ 6.44
	Next 50,000		\$ 5.72
	Over 100,000		\$ 4.99
Proposed:	16208 - 1" public authority w/ school tax - Clinton	14,707	\$ 108.54
	16230 - 1" commercial out of city w/ school tax and KY state sales tax - Clinton	14,707	\$ 108.54
	16244 - 1" commercial w/ school tax and KY state sales tax - Clinton	14,707	\$ 108.54
	16247 - 1" multi residential w/ school tax and KY state sales tax - Clinton	14,707	\$ 108.54
	16279 - 1" Multi Wtr - Clinton	14,707	\$ 108.54
	16292 - 1" Wtr Com Out City - Clinton	14,707	\$ 108.54
		14,707	\$ 108.54
1 1/2"			
	First 11,200		\$ 91.45
	Next 13,800		\$ 7.07
	Next 25,000		\$ 6.44
	Next 50,000		\$ 5.72
	Over 100,000		\$ 4.99
Proposed:	16238 - 1 1/2" public authority w/ school tax - Clinton	55,640	\$ 386.34
	16252 - 1 1/2" industrial city w/ school tax and KY state sales tax	55,640	\$ 386.34
	16254 - 1 1/2" commercial w/ school tax and KY state sales tax - Clinton	55,640	\$ 386.34
		55,640	\$ 386.34

**WATER SERVICE CORPORATION OF KENTUCKY**  
**Average Bill**

	<u>Rate</u>	<u>Average Usage</u>	<u>Average Bill</u>
2"			
First 17,600	\$ 136.70		
Next 7,400	\$ 7.07		
Next 25,000	\$ 6.44		
Next 50,000	\$ 5.72		
Over 100,000	\$ 4.99		
Proposed: 16248 - 2" public authority w/ school tax - Clinton		70,453	\$ 466.9
16257 - 2" multi residential w/ school tax and KY state sales tax - Clinton		70,453	\$ 466.9
16262 - 2" industrial w/ school tax and KY state sales tax - Clinton		70,453	\$ 466.9
16264 - 2" commercial w/ school tax and KY state sales tax - Clinton		70,453	\$ 466.9
16278 - 2" Multi Wtr - Clinton		70,453	\$ 466.9
16291 - 2" Pub Auth Wtr - Clinton		70,453	\$ 466.9
		70,453	\$ 466.9
6"			
First 250,500	\$ 1,387.01		
Over 250,500	\$ 4.99		
Proposed: 16280 - 6" commercial w/ school tax and KY state sales tax - Clinton		-	\$1,387.01
Proposed: 16285 - Hydrant - private (\$9.38/month) - Clinton (flat rate)	\$ 22.62	-	\$ 22.62
Proposed: 16286 - 5/8" sprinkler - private (\$18.75/month) - Clinton (flat rate)	\$ 22.62	-	\$ 22.62
Proposed: 16299 - Hydrant - municipal (\$4.17/hydrant/month) - Clinton (flat rate)	\$ 5.03	-	\$ 5.03

JDE Account	Account Number	Account Name	Balance 03/31/08	Full Time Empl Count as of 3/31/08	Benefit Calculation	Balance 06/30/08	Full Time Empl Count as of 6/30/08	Benefit Calculation
5655	6049010	Health Ins. Reimb	1,020,813			1,009,451		
5645	6049011	Employee Ins. Deductions	(217,117)			(255,886)		
5650	6049012	Health Costs & Other	12,371			9,795		
5635	6049015	Dental Ins. Reimbursement	76,878			64,060		
5660	6049050	Health Ins. Premiums	175,361			78,359		
5630	6049055	Dental Premiums	8,831			8,364		
		Total Health Insurance	<u>1,077,139</u>	528	2,040	<u>914,143</u>	495	1847
5690	6049030	Tuition	2,711			12,174		
5660	6049040	Deferred Compensation	-			-		
5670	6049060	Term Life Ins.	38,389			29,096		
5675	6049065	Term Life Ins. - OPT	556			(1,276)		
5680	6049066	Depend Life Ins. -OPT	(743)			(996)		
5685	6049067	Aflac	-			-		
5660	6049080	Disability Insurance	-			-		
5660	6049090	Other Emp Pens & Benefits	-			-		
		Total Other Benefits	<u>38,202</u>	528	72	<u>38,997</u>	495	79

Total health insurance					
9/30/2007	12/31/2007	3/31/2008	6/30/2008	Total	
1,541	1,641	2,040.04	1,847	7,069	

Total other benefit					
9/30/2007	12/31/2007	3/31/2008	39,629	Total	
94	133	72	79	378	

WSC Benefit Allocation Recalc

Health Ins					
Quarter	WSC QuarterlyBenefit Calc			KY WSC %	
3/31/2008	63	2,040	128,522	2.51%	3,221
6/30/2008	62	1847	114,499	2.53%	2,891

Other Ben.					
Quarter	WSC QuarterlyBenefit Calc			KY WSC %	
3/31/2008	63	72	4,558	2.51%	114
6/30/2008	62	79	4,884	2.53%	123



[a] Test Year-WSC (se-51 and se-50) Computer Salaries

	160 WSC of KY Sep. 51	160 WSC of KY Dec. 51	160 WSC of KY Wp-C2	160 WSC of KY Wp-C3	Total	
6091005 Salaries - IT		3,213	3,177	1,926	1,215	9,531
Total		3,213	3,177	1,926	1,215	9,531

[b] Test Year-WSC (se-60 and se-50) Taxes

	160 WSC of KY Sep. 60A	160 WSC of KY Dec. 60A	160 WSC of KY Wp-C2	160 WSC of KY Wp-C3	Total	
4081201 FICA Expense		1,361	1,400	2,719	1,697	7,178
4091060 SUTA-1L		32	36	520	84	673
4091050 FUTA		27	7	92	R	134
Total		1,420	1,443	3,332	1,780	7,984

[c] Test Year-WSC (se-60 and se-50) Benefits

	160 WSC of KY Sep. 60A	160 WSC of KY Dec. 60A	160 WSC of KY Wp-C1	160 WSC of KY Wp-C1	Total
6049000 Employee Pensions & Benefits	-	-	-	-	-
6049010 Health Ins. Reimb	1,955	2,996			
6049011 Employee Ins. Deductions	(395)	(598)			
6049012 Health Costs & Other	36	46			
6049015 Dental Ins. Reimbursements	117	173			
6049020 Pension Contributions	396	393			
6049050 Health Ins. Premiums	37	(890)			
6049055 Dental Premiums	16	26			
6049060 Term Life Ins.	49	6			
6049065 Term Life Ins. - OPT	-	-			
6049066 Depend Life Ins. - OPT & AFLAC	-	-			
6049067 AFLAC	-	-			
6049070 401(k) Contributions	527	523			
6049080 Disability Insurance	27	(9)			
6049090 Other Emp Pens & Benefits	28	106			
Total	2,793	2,772	3,229	3,966	11,760

[d] Test Year - Office

	160 WSC of KY Sep. 50	160 WSC of KY Dec. 50	160 WSC of KY Wp-C2	160 WSC of KY Wp-C3	Total
[e] Salaries Kentucky Office	20,002	20,912	27,905	23,159	91,978

WATER SERVICE CORPORATION OF KENTUCKY  
Rate Base Reallocation  
Test Year Ended June 30, 2008

	Per Books		State of Ky Alloc Rate Base		WSC Per Reallocation		Total Reallocation	Rate Base Adjustment
Water Plant	126,569.41	A	4,259.36	B	114,672.66	C	118,932.02	(7,637.39)
Water Plant AD	(76,134.69)	A	-		(68,759.43)	C1	(68,759.43)	7,375.26
Transportation Equipment	477,956.02	A	470,606.67	B	6,637.41	C2	477,244.08	(711.94)
Transportation AD	(416,829.09)	A	(412,272.28)	B	(4,115.38)	C3	(416,387.66)	441.43
Computers	518,128.17	A	45,816.60	B1	426,558.16	C4	472,374.76	(45,753.41)
Computers AD	(122,363.03)	A	(25,584.60)	B2	(87,403.38)	C5	(112,987.98)	9,375.05
Total Adjustment								(36,911.00)

Pro Forma Wsc Rate Base Allocations:	Amount closed		Ky Erc % as	Pro Forma RB
	out per GL		of 6/30/08	to be allocated
CC & B closed out 7/31/08	7,077,652	*	2.53%	\$ 178,715

\* JDE 2009506 General Ledger attachment



Case No. 2008-00563  
Exhibit 5



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**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION**

Application of Kentucky Water Service  
Corporation of Kentucky for an Adjustment  
of Rates

Case No. 2008-00563

**PREPARED DIRECT TESTIMONY OF**  
**JOHN D. WILLIAMS**  
**ON BEHALF OF KENTUCKY WATER SERVICE CORPORATION OF KENTUCKY**



1 **Q.3 WHAT IS YOUR EDUCATIONAL AND PROFESSIONAL BACKGROUND?**

2 A.3 I have a Bachelor of Science degree in Business Administration from the University of  
3 Florida. From 1974 until January of 2007 I was employed by the Florida Public Service  
4 Commission ("FPSC"). At the FPSC, most of my responsibilities involved the economic  
5 regulation of water and wastewater utilities. I was the Bureau Chief of Rates,  
6 Certification, and of Policy Development and Industry Structure. I testified and made  
7 recommendations in hundreds of cases before the FPSC. I was also responsible for the  
8 FPSC's water legislative program, and was frequently called upon to testify on behalf of  
9 the FPSC at the Florida Legislature.

10  
11 During my employment at the FPSC, I was a member of the National Association of  
12 Regulatory Utility Commissioners ("NARUC") Staff Subcommittee on Water. I was the  
13 Vice Chairman, and Chairman of the Water Subcommittee. I have been on the Faculty of  
14 the NARUC Water Committee's Eastern and Western Utility Rate Schools since 1986. I  
15 have also been on the faculty of Michigan State University's "Camp NARUC" program.  
16 I was also a member of the American Water Works Associations Rates and Charges  
17 Subcommittee and was involved in writing portions of the association's Rate Manuals.

18  
19 I retired from my position at the FPSC in January of 2007, and was employed by  
20 Utilities, Inc. shortly thereafter.

21  
22 **Q.4 HAVE YOU TESTIFIED BEFORE THE KENTUCKY PUBLIC SERVICE**  
23 **COMMISSION?**

24 A.4 No.  
25  
26  
27  
28



1 **Q.5 HAVE YOU TESTIFIED BEFORE ANY OTHER PUBLIC UTILITY**  
2 **COMMISSION?**

3 A.5 Yes. As I stated above, I have testified before the FPSC, the Florida Legislature, and  
4 before Florida Administrative Law Judges. In addition, I testified before the Arizona  
5 Corporation Commission on behalf of Perkins Mountain Water Company and Perkins  
6 Mountain Utility Company in Docket No. SW-20379A-05-0489 and W-20380A-05-  
7 0490. And also the Public Utilities Commission of Nevada on behalf of Spring Creek  
8 Utilities Co. in Docket No. 08-06036.

9  
10 **Q.6 WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS DOCKET?**

11 A.6 I support the Application of Kentucky Water Service Corporation of Kentucky  
12 (“WSCK”) for an increase in its water and sewer rates by explaining Project Phoenix for  
13 the Commission and the parties of record.

14  
15 **Q.7 PLEASE DESCRIBE PROJECT PHOENIX FOR THE COMMISSION AND THE**  
16 **PARTIES OF RECORD.**

17 A.7 Project Phoenix is the name of UI’s initiative to evaluate the state of the Company’s  
18 processes and systems.

19  
20 **Q.8 WHY DID UTILITIES, INC. INITIATE PROJECT PHOENIX?**

21 A.8 The Company had not made a significant investment in technology in quite some time.  
22 Antiquated systems, lack of integration, and the lack of standardization were beginning to  
23 have an adverse effect on the Company and its customers. Accordingly, UI set out to  
24 improve the Company’s capabilities and processes in the accounting, customer service,  
25 customer billing and financial and regulatory reporting areas.

1 **Q.9 WHEN DID PROJECT PHOENIX BEGIN?**

2 A.9 Project Phoenix began in early 2006 with a series of internal and external evaluations,  
3 which culminated in a business case presentation by Deloitte to the Company in  
4 September 2006. The business case identified:

- 5 • Drivers for Change,
- 6 • Current State Overview,
- 7 • Recommended Solutions,
- 8 • Future State, and
- 9 • Benefits to Stakeholders.

10 The business case presentation confirmed UI's initial evaluations that:

- 11 • Fragmented and non-standardized processes were complex and inefficient, with an attendant risk of error and control breakdown,
- 12 • The infrastructure unnecessarily placed stress on the Company's human capital,
- 13 • The Company's legacy financial and customer care systems were either fully customized or unsupported, or both, which resulted in a risk of breakdown and impeded management's ability to obtain information to make decisions, and
- 14 • Use of spreadsheets made ensuring accuracy and control difficult, resulting in the potential for errors in operation and regulatory reports.

15  
16  
17 After the business case presentation and an evaluation of potential solutions, UI  
18 management selected JD Edwards Enterprise One ("JDE") as the financial system,  
19 including asset management, and Oracle's Customer Care and Billing System ("CC&B")  
20 as the customer information system.<sup>1</sup> These systems are integrated in a manner that  
21 allows for the sharing of crucial information between the Company's different  
22 operational organizations.

---

23  
24  
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26  
27  
28 <sup>1</sup> Oracle acquired SPL WorldGroup, a provider of revenue and operations management software to electric, natural gas and water utilities.

1 **Q.10 PLEASE DESCRIBE THE JDE SYSTEM FOR THE COMMISSION AND THE**  
2 **PARTIES OF RECORD.**

3 A.10 JDE is a web-based software system that allows easy access from multiple locations. It is  
4 composed of the following modules:

5  
6 **Accounts Payable**

7 UI will use the accounts payable system for cash management. It will be used to issue  
8 checks, perform electronic funds transfer, and perform bank reconciliation and expense  
9 reimbursements.

10  
11 **Human Resources / Time Capture**

12 UI's Human Resources organization will use JDE to manage employee information. This  
13 includes the management of personal information, benefits administration, health and  
14 safety, job information and more. The time capture module enables all employees to enter  
15 their time for tracking purposes, approved by their supervisor, and charge it directly to  
16 capital projects, if applicable.

17  
18 **Requisitioning**

19 Requisitioning is handled within the procurement module of JDE, covering purchases  
20 from outside vendors. The procurement module will be used to record and track  
21 purchases against capital projects, assets such as maintenance and replacement parts, IT  
22 related purchases and various other purchases such as office supplies and furniture. The  
23 procurement module approval process will also be used to record capital project  
24 approval.

25  
26 **Capital Projects**

27 The Capital Project/job cost functionality covers the project budget setup and schedule,  
28 management of the project and monitoring of cost. UI will use these functionalities in

1 order to improve visibility of project status wherever access to JDE is available. As cost  
2 and purchases are updated in JDE, this same information can be viewed in real-time.  
3 Capital project approvals are also included in JDE using the procurement module  
4 approval process.

### 6 **Fixed Assets**

7 The Fixed Assets functionality covers the asset management requirements of UI. Assets  
8 will be tracked throughout their entire lifetime, including automatic depreciation,  
9 retirements and tax calculations.

### 11 **Equipment Management**

12 The equipment management functionality enables equipment tracking, servicing, and  
13 maintenance and cost effectiveness. Managers can track equipment by type,  
14 manufacturer, year, service history and other information.

### 16 **General Ledger**

17 The General Ledger integrates financial information in real time from throughout UI and  
18 helps meet the financial consolidation and reporting needs of the business.

## 20 **Q.11 WHAT ARE THE BENEFITS OF JDE?**

21 A.11 UI is excited about JDE. Each of the modules I described includes enhanced tracking and  
22 integration components, which should improve the Company's ability to record and  
23 retrieve data. Because of this functionality, UI, its customers and regulators should see  
24 marked improvement. The system has enhanced record keeping and retrieval functions,  
25 making production of financial and regulatory reports easier. In addition, the reports  
26 should be more accurate, which benefits customers by improving the management  
27 decision making process and allowing the Company to more efficiently deliver reliable  
28 information to regulators. The system also reduces manual effort and reliance on

1 spreadsheets, which again improves the reliability of reports. The Capital Projects  
2 module allows employees to view and track projects in real-time. Employees should be  
3 able to manage projects and costs in a more effective manner, which benefits the  
4 Company and customers

5  
6 **Q.12 WHEN WAS JDE PLACED INTO SERVICE?**

7 A.12 JDE was officially placed in service on December 3, 2007.  
8

9 **Q.13 WHAT IS THE TOTAL COST OF THE JDE PROJECT INCURRED BY**  
10 **UTILITIES, INC.?**

11 A.13 The total cost of the JDE system as of March 31, 2008 was \$14,544,020.  
12

13 **Q.14 IS THAT THE TOTAL ESTIMATED COST OF JDE?**

14 A.14 No. The company expects that some invoices and internal costs will be recorded during  
15 later months. As is typical in a billing process from vendors there is usually a time lag  
16 from the rendering of services to the issuance of invoices and payment of said invoices.  
17 Additional costs incurred after March 31, 2008 will be provided when available.  
18

19 **Q.15 WHAT PORTION OF THE COST OF JDE INCURRED WAS ALLOCATED TO**  
20 **WSCK?**

21 A.15 Approximately \$367,498 was allocated to WSCK.  
22  
23  
24  
25  
26  
27  
28

1 **Q.16 WHERE CAN THE ALLOCATION OF THAT COST BE FOUND IN WSCK'S**  
2 **FILING?**

3 A.16 The allocation of the UI's investment in JDE to WSCK affects both rate base and  
4 operating expenses. WSCK's share of the JDE costs, moreover, must be allocated  
5 between WSCK's water and sewer operations. The allocation of the JDE portion was  
6 provided with the Allocation of 6/30/08 Rate Base work papers as part of the  
7 Application. The \$367,498 is already closed in corresponding computer system account.  
8

9 **Q.17 HOW WAS THAT ALLOCATION DEVELOPED?**

10 A.17 UI uses an allocation process based on ERCs (equivalent residential connections). The  
11 allocation of Project Phoenix costs that was prepared for this case utilized the WSCK  
12 ERCs at the end of the test year in comparison to the total ERCs for UI. Dividing the  
13 WSCK ERCs by the total ERCs resulted in a percentage value that was then multiplied  
14 by the total investment in JDE.  
15

16 **Q.18 PLEASE DESCRIBE THE CC&B SYSTEM FOR THE COMMISSION AND THE**  
17 **PARTIES OF RECORD.**

18 A.18 CC&B is a web-based software system. The web-based feature allows for quicker return  
19 of information to the user and allows for "quicker fixes" should the system go down  
20 involuntarily, or need to go down for routine maintenance. CC&B is composed of the  
21 following modules:  
22

23  
24 **Customer Management and Service**

25 This module covers activities including creation and management of customers, accounts  
26 and premises. It also manages customer inquiries, creation and management of service  
27 orders, starting and stopping service, and other related functions.  
28

1           **Billing**

2           This module covers activities including creation and management of rates/tariffs, bill  
3           estimation, bill generation and print, cancel/rebills and 3rd party billing.

4  
5           **Accounts Receivables & Collections**

6           This module covers payments, adjustments, payment arrangements, LPC disconnects,  
7           collection agency referrals and write-offs.

8  
9           **Device Management**

10          This covers activities including definition of meters and other equipment (e.g., back flow  
11          devices), meter installation and testing.

12  
13          **Meter Reading**

14          This covers activities including meter reads, meter read uploads and downloads and  
15          meter read schedules/routes.

16  
17   **Q.19   WHAT ARE THE BENEFITS OF CC&B COMPARED TO UTILITIES, INC.'S**  
18   **LEGACY SYSTEM?**

19   A.19   UT's legacy customer care and billing system was fully customized and unsupported. The  
20   system had several weaknesses. Customer and premise information were linked in one  
21   account. As residents moved, the service order history at the premise was purged and  
22   prior service activities eventually became unavailable for viewing. This resulted in the  
23   loss of valuable information. In addition, field personnel were sent daily service orders  
24   either through email or fax. They did not have access to the legacy billing system. Upon  
25   completion of the service orders, the information was emailed or faxed back to the billing  
26   office for closure of the orders. The process was manually intensive and led to untimely  
27   responses due to incomplete fax transmissions. Additionally, as residents moved from  
28   one premise to another within the Company, they were issued a new account number.

1 There was no efficient means of tracking a customer and transferring payment  
2 information, service history and billed services (debt) from one account to another.  
3

4 CC&B offers the ability to focus on either a customer or a premise. Field activity  
5 information at a premise is stored in the records indefinitely, allowing field personnel to  
6 retain prior history of past service issues at a residence. This allows them to act in a cost  
7 effective manner when considering repair or replacement of equipment or lines at a  
8 premise. In addition, CC&B automates field activities to the field. A background  
9 process makes key decisions about assignments and timing. CC&B automates field  
10 activity dispatching and allows for uploading and downloading to hand-held devices.  
11 The system allows the field operators to complete field activities in a live environment so  
12 that CSR's (customer service representatives) have the information available to them as  
13 soon as the order is completed. In this regard, WSCK has deployed "tough books" in  
14 each field vehicle. A picture of those tough books is contained in Attachment 1 to my  
15 testimony.

16 **Q.20 DOES THE CC&B SYSTEM HAVE OTHER BENEFITS IN COMPARISON TO**  
17 **THE LEGACY SYSTEM?**

18 A.20 Yes, the CC&B system has several other improvements when compared to the legacy  
19 system. For instance:

- 20 • The billing estimation function is improved. It now includes a 3 tier process that  
21 incorporates:
  - 22 ▪ Customer history from last year same period.
  - 23 ▪ Customer history for last 3-6 months.
  - 24 ▪ Trend data from the customer's trend area (CIS Division) and trend class  
25 (Residential and Commercial)
- 26 • The system provides for the automatic proration of billings based on number of days in  
27 read period or bill period.
- 28 • The system allows for the automated dispatching of Field Orders/Field Activities to  
Operations Staff for quicker response.
- More efficient means of billing customers who have one account, but more than one  
premises.



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- More history for viewing by Customer Service to answer questions from customers.
  - History of reads
    - Legacy system held only the last 12 readings
  - History of billings
    - Legacy system held only the last 12 billings
  
- Field Operations now have access to customer premise and service point information as well as meters and meter readings.
  
- Account numbers stay with the customer for life. This gives the Company the ability to track a customer from location to location.
  - This gives the company the ability to track a customer from location to location.
  - With the random generated account numbers, a reduction in misapplied payments will be drastically reduced.
  
- More information displayed on one screen for customer service to assist customers. The legacy system required moving from one screen to another.
  
- Automatic Collections and Severance process configured which reduces error from input. Accidentally disconnecting a customer for non-payment will be hard to do.
  
- Updates to the system are real time.
  - Completion of field activities
  - Payments and adjustments
  - Customer information
  
- Customers will have the ability to view account using the internet
  - View billing information
  - Update Account information

1 **Q.21 AFTER THE CONVERSION TO CC&B, DID WSC OF KY ALTER THE**  
2 **FORMAT OF BILLS IT SENDS TO CUSTOMERS?**

3 A.21 Yes. Attachment 2 to is a sample bill produced by CC&B. Attachment 3 to is a copy of  
4 a bill produced by UI's legacy system. The new bill format demonstrates some of the  
5 enhanced information retrieval capabilities of the CC&B system.

6  
7 As you can see, the bill produced by CC&B is easier to read. More importantly, the bill  
8 produced by CC&B conveys the customer's billing history – both in consumption and  
9 dollars – for a 13-month period. This information allows a customer to compare the  
10 customer's consumption to prior months, as well as the same month from the previous  
11 year. We believe this is useful information, because water conservation is important.  
12 Customers should be cognizant of consumption trends. Customers who are aware of their  
13 consumption trends are more likely to detect leaks or undertake conservation measures,  
14 when such measures are appropriate.

5  
16 **Q.22 WHEN DID WORK ON CC&B BEGIN?**

17 A.22 Functional workshops to identify the needs of the organization began in June 2006. The  
18 workshops were designed to gather information and aid in the vendor selection process.  
19 In January 2007, UI selected the Oracle customer information system and design work  
20 began on CC&B in February 2007.

21  
22 **Q.23 WHEN WAS CC&B PLACED INTO SERVICE?**

23 A.23 CC&B was placed into service on June 2, 2008.  
24  
25  
26  
27  
28

1 **Q.24 HAVE WSCK EMPLOYEES USED CC&B IN FULFILLING THEIR DAILY**  
2 **RESPONSIBILITIES?**

3 A.24 Yes. I asked field operations to describe their experience. The Office Manager  
4 indicated that CC&B is used on a daily basis to look up customer accounts to answer  
5 billing questions. Billing issues are identified and resolved immediately before the  
6 customer receives their bill. Mail and walk in payments are posted to the customer's  
7 account in real time. I was told that field activities are created to turn on/shut off water,  
8 check for leaks and re-read meters on a daily basis through CC&B, these activities are  
9 generated in real time for a quicker response from the field personnel. All corrections or  
10 adjustments to a customer's account is entered into CC&B and, again, posted in real time.

11  
12 Customer Service personnel use CC&B to look up customer's accounts and review meter  
13 reads, payment history, consumption history and mailing addresses. All pertinent  
14 information is displayed on one screen which helps Customer Service answer questions  
15 quickly. New customers are signed up through CC&B. Customers discontinuing their  
16 service are also taken care of through CC&B. Payments are posted in real time to a  
17 customers account through CC&B.

18  
19 **Q.25 WHAT IS THE TOTAL COST OF THE CC&B PROJECT INCURRED BY**  
20 **UTILITIES, INC.?**

21 A.25 The total cost of the CC&B system was \$7,077,652.

22  
23 **Q.26 IS THAT THE TOTAL ESTIMATED COST OF CC&B?**

24 A.26 No. The company expects that some invoices and internal costs will still be recorded  
25 during the month of June 2008, and perhaps later. As is typical in a billing process from  
26 vendors there is usually a time lag from the rendering of services to the issuance of  
27 invoices and payment of said invoices. Invoices for later months and up to hearing will  
28 be provided as soon as they become available.

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**Q.27 WHAT PORTION OF THE COST OF CC&B INCURRED WAS ALLOCATED TO WSCK?**

A.27 Approximately \$178,715 was assigned to WSCK. The CC&B portion of Project Phoenix is treated as a pro-forma adjustment since the project was closed in July of 2008 which falls outside of the test year 6/30/08 period.

**Q.28 WHERE CAN THE ALLOCATION OF THE COST OF CC&B BE FOUND IN WSCK'S FILING?**

A.28 The amount of UI's investment in CC&B allocated to WSCK is shown on the Project Phoenix Cost Summary workpaper and, just like the investment in JDE, affects both rate base and operating expense.

**Q.29 HOW WAS THAT ALLOCATION DEVELOPED?**

A.29 The allocation was developed in the same manner as the JDE allocation.

**Q. 30 HAS WSCK PROPOSED CHANGES TO ITS TARIFFS?**

A.30 Yes, several new conditions of service have been added and some of the special charges have been increased.

**Q. 31. PLEASE EXPLAIN THE TEXT CHANGES TO THE TARIFFS.**

A. 31 First, the changes to the tariffs are all included in the proposed tariffs filed as exhibit 2 to the Application and are highlighted in red text. A new section has been added for a tap fee of \$1,434.00 for 1 inch and smaller connections. Larger taps will be billed to the customer at the contractor cost for material and labor. A fee calculation sheet is attached. The billing procedures have been modified to allow for electronic billing and payment if a customer chooses.

1 The deposit provision has been changed to impose a uniform deposit on all residential  
2 and small commercial customers that is equal to 2/12ths of the average residential bill, or  
3 3/12ths or 4/12ths if the billing cycle is not monthly.

4 A provision has been added to allow cut off of water service to a city of Clinton sewer  
5 customer, if the city requests that action.

6 The cross connection policy has been modified to more fully explain the customer's  
7 responsibilities.

8 A new billing procedure has been added to require a customer who has two check  
9 payments returned for non-sufficient funds to make all future payments in cash.

10 Finally, the existing water extension agreement is being replaced with two new  
11 agreements – one for extension to individual customers and one for extension made by  
12 developers.

13 **Q.32 What fees are being increased?**

14 A. 32 The service reconnection fee and other service fees are increased from \$20.00 to 27.00. A  
15 new NSF fee of \$15.00 is added as is a New Customer Set Up fee of \$27.00.  
16 Additionally, the Meter Test fee of \$15.00 is increased to \$20.00 for residential meters  
17 and cost for larger meters. A Tampering fee of \$27.00 is also being established.

18 **Q. 33. ARE THESE FEES COMPARABLE TO THOSE CHARGED OTHER WATER**  
19 **UTILITIES?**

20 A.33 Yes, based on our review of some other fees, these proposed increases are reasonable and  
21 move the fees closer to the company's actual cost.

22  
23 **Q.34 DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

24 A.34 Yes, however I reserve the right to supplement or make corrections to this testimony at  
25 the time of the hearing in this proceeding.  
26  
27  
28

## ATTACHMENT 2

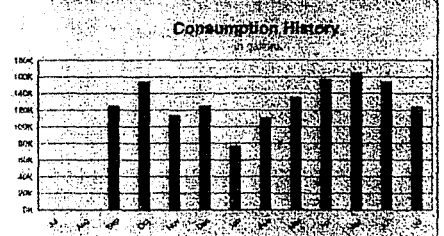
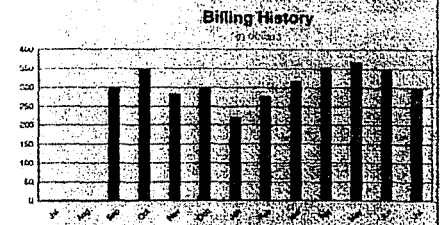


Central Nevada  
 2000 East State Street  
 Pahrump, Nevada 89048-2180  
 www.utwater.com

Bill Date	Account Number	Due Date	Please Pay
07/20/2009	[REDACTED]	8/10/2009	\$ 298.75

Name [REDACTED] Primary Telephone # [REDACTED]  
 Service Address [REDACTED], Pahrump, NV, 89048  
**Activity Since Last Bill**  
 Previous Balance \$349.46  
 Payments received as of 07/20/2009 \$-349.46  
 Balance as of 07/20/2009 \$0.00  
**Commercial Water Service**  
 Commercial Water Base Charge \$94.80  
 First 8,000 gallons \$0.99 per 1,000 \$7.92  
 Next 115,996 gallons at \$1.69 per 1,000 gallons \$196.03  
 Total Commercial Water Service \$298.75  
**Total Amount Due \$298.75**

**Summary of Service**  
 Meter Reading Meter # 1536794  
 Current 23059030 07/20/2009  
 Previous 22935034 06/17/2009  
 Usage 123,996 Gallons  
 Number of Days: 33  
 Average Daily Use: 3,757 Gallons  
 Average Daily Cost: \$ 9.05

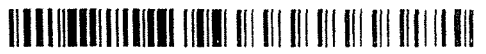


The payment for this bill is due upon receipt.  
 Make check payable to Utilities Inc of Central Nevada

**Messages**  
 Please provide your service address phone number on the net remittance form so we may contact you in the event of a service related emergency  
 For voluntary conservation, customers with odd numbered service addresses should water on Monday and Wednesday. Customers with even numbered service addresses should water on Tuesday and Thursday. Please avoid watering on Friday, Saturday and Sunday



2335 Sanders Road  
 Northbrook, IL 60062



Account Number: [REDACTED]  
 Due Date: 8/10/2009 Amount Paid  
 Please Pay \$ 298.75

[REDACTED]  
 [REDACTED]  
 PAHRUMP NV 89048  
 |||||

Utilities Inc of Central Nevada  
 1240 East State Street, Suite 115  
 Pahrump NV 89048-2180  
 |||||

For more information on how to report a water or wastewater problem, please call the Customer Service number listed on the front of your bill. Our field operators are on-call 24 hours a day, 7 days a week. Additional information, including how your water meter is read, can be found at [www.uiwater.com](http://www.uiwater.com) or you may call your local office.

**Contact Information**

Please be sure to let us know if your telephone number changes. We strive to offer efficient and responsible customer service. In the event that we encounter a problem in your water or wastewater system, we will need to contact you. To update your account information, you may call the Customer Service number listed on the front of your bill, or you may visit our website at [www.uiwater.com](http://www.uiwater.com) or use the form below.

**Conservation Tips**

Repair dripping faucets and leaky toilets. Dripping faucets waste about 2,000 gallons of water each year. Leaking toilets waste as much as 200 gallons each day.

A normal shower uses about 20-30 gallons of water. Take shorter showers. Install a showerhead with an aerator that will mix air with your water so that you will be using less. Showerheads with a turn-off valve are available so that you may turn off the water while soaping or shampooing without changing the temperature of the water.

It takes 3-7 gallons of water to flush a toilet. Consider replacing an older toilet with a water-efficient model that uses 1.6 gallons per flush. You can also install a dam in your toilet, which will displace some water so that less will be used per flush. Fill a plastic soap or milk bottle with water and place it in the tank away from toilet mechanism to function as a water saving device. Don't use the toilet as a trash disposal for tissue, gum wrappers, cigarettes, etc.

**Payment Methods**

**Automatic Payments**

Why write a check and pay postage? Make your payments automatically with Auto Pay. Contact us at the Customer Service number listed on the front of your bill or visit [www.uiwater.com](http://www.uiwater.com) to download the Automatic Bank Drafting Authorization form.

**By Internet**

Pay your bill online by visiting [www.paybyinternet.com](http://www.paybyinternet.com) and indicate you are making a payment to Utilities Inc. A convenience fee will be charged for using this option. Please be sure to have your utility account number ready.

**By Phone**

Make payments using your checking account, debit or credit card by calling 1-877-527-7852. A convenience fee will be charged for using this option. Please be sure to have your utility account number ready.

**By Mail**

Use the enclosed envelope to mail your payment.

**Change of Address and Phone Information**

Complete the information below with your address and phone corrections and return with your payment.

Name \_\_\_\_\_  
Please Print

Street \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Home Phone \_\_\_\_\_ Work Phone \_\_\_\_\_

Email Address \_\_\_\_\_



## ATTACHMENT 3

Utilities, Inc and Affiliated Companies

GREAT NORTHERN UTILITIES INC  
PO BOX 1105  
NORTHBROOK IL 60065-1105



Acct # [REDACTED]  
Due Date 05/29/08 Amount Paid  
Please Pay \$8.59 \$

[REDACTED]  
ROCKFORD IL 61109-2871

GREAT NORTHERN UTILITIES INC  
PO BOX 1105  
NORTHBROOK IL 60065-1105

Service Address Telephone # \_\_\_\_\_ Current # : 000000-0000  
To insure proper credit, return this portion. Please do not staple, clip, or tape.

\*\*\*\* PLEASE VISIT OUR WEBSITE AT www.uiwater.com \*\*\*\*

Remittance Address:  
GREAT NORTHERN UTILITIES INC  
PO BOX 1105  
NORTHBROOK IL 60065-1105

For Service or Billing Inquiries Call:  
1-800-831-2359  
To Pay By Credit or Debit Card, Call 1-877-527-7852.  
A Convenience Fee Will Be Charged.

Account Information		Description of Charges	
Account #	00049 200248 2	PRIOR BALANCE	\$0.00
Service Addr.	[REDACTED]	WATER	\$8.59
Bill Date	05/08/08 Due Date 05/29/08		
Prior Read	03/25/08 1902400		
Current Read	04/19/08 1902900		
Usage	500		
# of days this period	25		
Average daily usage	20		
Average daily water cost	\$0.34		
Average daily sewer cost	\$0.00		
Last Payment	04/22/08 \$13.09		

1 1/2% PER MONTH WILL BE ADDED TO  
ALL AMOUNTS NOT PAID BY THE DUE DATE. Please Pay \$8.59

IF YOU WOULD LIKE INFORMATION ABOUT YOUR CUSTOMER RIGHTS, PLEASE CONTACT THE ILLINOIS COMMERCE COMMISSION AT www.icc.illinois.gov OR YOU MAY CALL THEM AT 1-800-524-0795 OR TTY 1-800-858-9277. TO REACH OUR CUSTOMER SERVICE DEPARTMENT, PLEASE CALL 1-800-831-2359. \*\*\*\*\*

TO HELP US MAINTAIN SECURITY SURROUNDING YOUR DRINKING WATER SYSTEMS, PLEASE CALL OUR OFFICE AND THE POLICE IF YOU NOTICE SUSPICIOUS ACTIVITY. \*\*\* PLEASE PROVIDE YOUR SERVICE ADDRESS PHONE NUMBER ON THE NET REMITTANCE FORM SO WE MAY CONTACT YOU IN THE EVENT OF A SERVICE RELATED EMERGENCY. \*\*\*\*\*

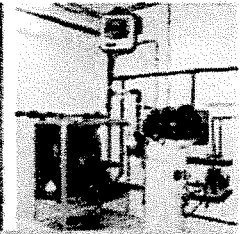
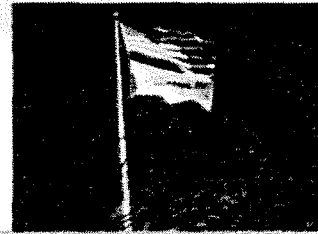
WE CAN AUTOMATICALLY DRAFT PAYMENT FROM YOUR SAVINGS/CHECKING ACCOUNT AT NO CHARGE. FOR INFORMATION, CALL THE SERVICE & BILLING INQUIRY NUMBER ABOVE. TO PAY BY CREDIT, DEBIT (VISA/MASTERCARD) OR ELECTRONIC CHECK, CALL 1-877-527-7852. PAYMENTS MADE ON ANY VISA CARD THAT CAN BE USED AS A DEBIT OR CREDIT CARD WILL BE PROCESSED AS A DEBIT CARD. TO PAY OVER THE INTERNET ACCESS paybyinternet.com. PAYMENTS MUST BE MADE TO OUR PARENT COMPANY, UTILITIES INC. A FEE WILL BE CHARGED FOR THESE PAYMENT OPTIONS. \*\*\*\*\* PLEASE ALLOW TIME FOR CREDIT/DEBIT CARD PROCESSING. \*\*\*\*\*

Rate Schedule Available Upon Request

**ATTACHMENT 1**

# The Pipeline

WATER IS LIFE. WATER IS OUR BUSINESS.



## FROM THE PRESIDENT'S DESK



Hard to believe, but another year has passed, and it is now 2008. Personally, I always like to look toward the future, but now is a great time to take a moment and look back on some of the highlights of 2007.

- The JDE portion of Project Phoenix went live
- We acquired Perkins Mountain Water Co. and Perkins Mountain Utility Co. in Arizona.
- Larry Carnish, Albert Curtis and Mathew Shelton celebrated their 30th anniversary with UI.
- Alvin Kennedy and Rex Woody celebrated 25 years, and nine other employees celebrated 20 years

- We introduced our new employee recognition award program.
- We celebrated our first anniversary with our investor, Highstar.
- We invested \$90,000,000 in capital into the business to better serve our customers.
- We held our first Company-wide Leadership Team meeting, which will now be an annual event.

The list actually goes on and on, but let's look toward our future. The year 2008 will hold many opportunities and challenges for all of us.

- Only 86 more days until CC&B goes live!
- Our investors are going to be looking for enhanced financial performance as the result of our investing over \$150,000,000 in capital over the past 2 years.
- The regulatory department (with the help of many of us throughout the organization) has been requested to file rate cases in nearly half of our companies. Our goal is to accomplish the bulk of these filings by the end of the first and second quarters. (See how this relates to the point above?)
- As stewards of the environment we need to continue to look at ways to run our operations more efficiently... Reduce greenhouse gas emissions, non-revenue water, electric consumption and fuel consumption

The list of future challenges and opportunities is unlimited. But I know that no matter what is thrown our way, we will all be up for the challenge.

How about personally? With the start of a new year it is a great time to take inventory of how balanced your work and personal life is. It does not go unnoticed that we have high expectations of all and, normally, these expectations are met or exceeded. The demand we place on your personal life is significant. The recent and continued impact of Project Phoenix, travel, long hours, juggling your "normal" job, being on call, coming in early or staying late to make sure something get completed—all take a toll. For those of you who feel stretched too thin or that you don't spend enough time on family and personal issues, I have a challenge for you. Commit to figuring out your work schedule so that you can attend one of your child's activities each week; be home for dinner with the family more often; get to the gym; do whatever it is to make these things a priority for you. At first it may seem as though you don't have the time, but if you put out to make it happen, then it will. It is a challenge to plan, schedule, and then follow through. Are you up for the challenge?

**Larry Schumacher**

President and CEO



# PROJECT PHOENIX TAKES FLIGHT



'Twas the month before Go Live and all through the land,

UI trainers were training with laptops in hand.

The "War Room" was buzzing with telephone queries,

And very late hours made many eyes bleary.

The 200 toughbooks sent off to the field

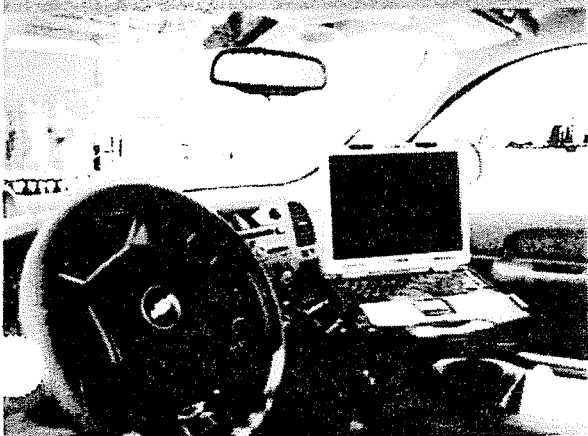
And all the new techniques at times seemed unreal.

But it all came together that late final run;

Now it's "Thank you" to all for a job well done!



## Tough Books Installed in UI Trucks



Over the past three months, tough books have been distributed to many of our field employees. This will make it easier for on-site data entry and will enhance the efficiency of the JDE modules. Pictured is one of the permanent dashboard mounts being used in the field.

AFFIDAVIT

STATE OF Illinois  
COUNTY OF Lake

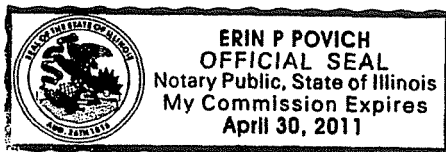
Affiant, John D. Williams, after being first sworn, deposes and says that he (she) is authorized to submit this testimony on behalf of Water Service Corporation of Kentucky, and that the information contained in the testimony is true and accurate to the best of his (her) knowledge, information and belief, after a reasonable inquiry, and as to those matters that are based on information provided to him (her), he (she) believes to be true and correct.

John D. Williams  
(Name)

This instrument was produced, signed, acknowledged and declared by Erin Povich to be his (her) act and deed the 28<sup>th</sup> day of January, 2009.

Erin P. Povich  
Notary Public

My Commission expires: April 30, 2011



## NONRECURRING CHARGE COST JUSTIFICATION

Type of Charge: **New Water Service Tapping Fee ≤1 inch in size**

### 1. Field Expense:

#### A. Materials (Itemize)

___ Corporation Stop _____	\$40.00___
___ Average of 25 ft. of copper _____	\$100.00___
___ Meter Box, Meter Setter, Meter _____	\$154.00___

#### B. Labor (Time and Wage)

___ 2 men @ \$25.00 per hour, average of 4 hours _____	\$ 200.00___
--	--------------

**Total Field Expense** **\$ \_\_\_ \$494.00 \_\_\_**

### 2. Clerical and Office Expense

A. Supplies	\$ ___ 5.00 ___
-------------	-----------------

B. Labor	\$ ___ 10.00 ___
----------	------------------

**Total Clerical and Office Expense** **\$ \_\_\_ \$15.00 \_\_\_**

### 3. Miscellaneous Expense

A. Transportation	\$ ___ \$50.00 ___
-------------------	--------------------

#### B. Other (Itemize)

___ Tools and Equipment _____	\$25.00___
___ Backhoe _____	\$200.00___
___ Dumptruck _____	\$200.00___
___ Rehab of City Streets, Sidewalks, curbs and lawns _____	\$500.00___

**Total Miscellaneous Expense** **\$ \_\_\_ 925.00 \_\_\_**

**Total Nonrecurring Charge Expense** **\$ \_\_\_ 1,434.00 \_\_\_**

AFFIDAVIT

STATE OF Florida

COUNTY OF Leon

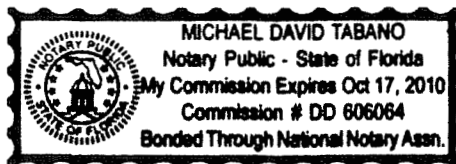
Affiant, John D. Williams, after being first sworn, deposes and says that he is authorized to submit this testimony on behalf of Water Service Corporation of Kentucky, and that the information contained in the testimony is true and accurate to the best of his knowledge, information and belief, after a reasonable inquiry, and as to those matters that are based on information provided to him, he believes to be true and correct.

John D. Williams  
(Name)

This instrument was produced, signed, acknowledged and declared by John D. Williams to be his (~~her~~) act and deed the 26<sup>th</sup> day of Feb., 2009.

Michael David Tabano  
Notary Public

My Commission expires: 10.17.2010







**Direct Testimony  
Martin Lashua  
Water Service Corp. of Kentucky**

1 **Q. Would you please state your name and business address.**

2 **A.** My name is Martin J. Lashua, and my business address is 5701 Westpark Drive, Suite  
3 101, Charlotte, NC 28217.

4  
5 **Q. What is your current position of employment?**

6 **A.** I am Regional Director of Operations for Water Service Corporation of Kentucky.  
7

8 **Q. How long have you been employed in the water and wastewater industries?**

9 **A.** Just over 20 years.  
10

11 **Q. What is your educational and professional background?**

12 **A.** I hold a Bachelors Degree in Biology from the University of North Carolina at Chapel  
13 Hill. Throughout my career, I have held the positions of Area Manager, Project Manager,  
14 Regional Manager and Regional Director. During that time, I have both operated and  
15 managed water and wastewater treatment facilities as well as the related distribution and  
16 collection systems. Also, I have overseen the completion of major capital improvements  
17 and have been a Company spokesperson with regard to health, environment, and utility  
18 regulations in several states.  
19

20 **Q. What are your duties with WSCK?**

21 **A.** I am responsible for making sure our customers receive the best possible service. As  
22 such, I am responsible for all operating personnel, facilities, maintenance, and capital  
23 projects. In addition, I am responsible for communications with state and federal

1 regulators, including state utility commissions, regarding environmental and drinking  
2 water standards as well as other operational issues.

3

4 **Q. Would you describe your experience in testifying before State Utility Commissions**  
5 **regarding rate cases.**

6 **A.** Yes. I have helped prepare cases and testimony before the Commissions in North  
7 Carolina and Tennessee.

8

9 **Q. Mr. Lashua, what is the purpose of your testimony in this proceeding?**

10 **A.** The purpose of my testimony is to provide the Commission with a brief overview of our  
11 Kentucky operations, and the capital improvements we've made since our last rate case  
12 and for our test year of 2007.

13

14 **Q. Mr. Lashua, would you briefly describe your water operations here in Kentucky?**

15 **A.** Yes. I would be more than happy to do so.

16 WCK provides water service to approximately 7,991 customers in two locations within  
17 the state. We deliver safe and reliable water service to our customers' homes by way of  
18 drilled wells in our Clinton operation, and by way of a surface treatment facility in our  
19 Middlesboro operations.

20

21 **Q. Who is responsible for ensuring that the WCK customers are receiving quality**  
22 **utility service?**

1    **A.**    I have responsibility for ensuring that all our customers receive quality utility service. To  
2            meet this responsibility, our company must hire and maintain a highly qualified and  
3            professional staff of individuals both in the office and in the field. We also continue to  
4            make customer satisfaction the primary responsibility of each and every WSCK  
5            employee.

6  
7    **Q.**    **Since your last rate proceeding, has the Company made any additional capital**  
8            **investments in its water treatment facilities?**

9    **A.**    Yes, WSCK has made and continues to make capital improvements to its facilities to  
10           meet regulatory requirements and to continue our commitment to customer satisfaction.  
11           We have installed a new raw water flow meter at the Middlesboro water treatment plant  
12           as requested from the Division of Water's Sanitary Survey; rebuilt and/or replaced 200  
13           meter base settings; replaced both raw water pumps and motors at the Middlesboro water  
14           treatment plant; installed a Red Valve Mixing system in two 1.2 million gallon tanks to  
15           meet the new D/DBP Rule; and rebuilt the raw water intake structure at the Fern Lake  
16           pump station. In addition to replacing 30 fire hydrants in Middlesboro, and 15 in the  
17           Clinton system, we also replaced several sections of water main. Finally in our continuing  
18           effort to keep our facilities secure, we installed security fencing at both water standpipe  
19           sites in our Clinton system, and installed camera security systems at both Middlesboro  
20           and Clinton water treatment plants.

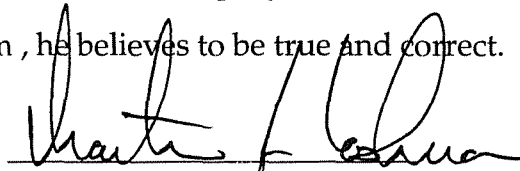
21  
22   **Q.**    **Does this conclude your testimony?**

23   **A.**    Yes, it does.

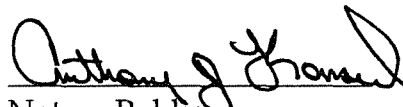
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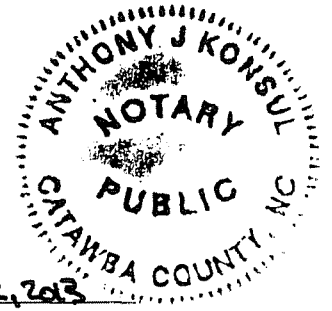
STATE OF NORTH CAROLINA  
COUNTY OF MECKLENBURG

Affiant, MARTIN J. LASHUA, after being first sworn, deposes and says that he is authorized to submit this testimony on behalf of Water Service Corporation of Kentucky, and that the information contained in the testimony is true and accurate to the best of his knowledge, information and belief, after a reasonable inquiry, and as to those matters that are based on information provided to him, he believes to be true and correct.

  
MARTIN J. LASHUA

This instrument was produced, signed, acknowledged and declared by MARTIN J. LASHUA to be his act and deed the 28 day of JANUARY, 2009.

  
Notary Public



My Commission expires: November 12, 2013



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**Q. Please state your name, occupation and business address for the record.**

A. My name is Lena Georgiev. I am employed as a Manager of Regulatory Affairs at Utilities, Inc., 2335 Sanders Road, Northbrook, Illinois 60062.

**Q. Please summarize your professional background?**

A. I have been employed by Utilities, Inc. since January of 2006. Since that time I have been involved in several phases of rate-making in many regulatory jurisdictions. I graduated from University of Illinois at Chicago in 2000, and I'm a Certified Public Accountant. I had four years of public accounting/auditing experience prior to joining Utilities, Inc. I am a member of the American Institute of Certified Public Accountants. I have successfully completed the utility regulation seminar sponsored by NARUC.

**Q. Please explain your job responsibilities at Utilities, Inc.**

A. My responsibilities include: financial analysis of individual subsidiaries of Utilities, Inc., preparation of rate applications, facilitation of regulatory audits, and the submission of testimony and exhibits to support rate applications. I am responsible for a team involved in Regulatory matters in the Atlantic and South East Regions.

**Q. Please describe Water Service Corporation of Kentucky.**

A. Water Service Corporation of Kentucky, which I will sometime refer to as "WSCK" or the "Company", is a wholly owned subsidiary of Utilities, Inc. WSCK was incorporated in 2002 for the purpose of owning and operating water utility systems. Currently, WSCK

1 serves approximately 7,991 water connections. These customers are located in Hickman  
2 and Bell Counties. WSCK maintains an operations and customer service office in both  
3 Clinton and Middlesboro. Customer payments, meter readings, and service orders are  
4 processed from both the Clinton and Middlesboro offices. Administrative functions such  
5 as management, accounting, data processing, and human resources are performed from  
6 the Utilities, Inc. office in Northbrook, Illinois.

7  
8 **Q. Please describe UI.**

9 A. UI is unique within the water and sewer industry in many respects. From its inception  
10 almost 40 years ago UI has concentrated on the purchase, formation and expansion of  
1 smaller water and/or sewer utility systems.

12  
13 At the present time, UI has over 90 systems that provide service to approximately 300,000  
14 customers in 15 states.

15 In March, 2002, UI was purchased by Nuon nv, and in February 2006, Nuon sold its  
16 interest in UI to Hydro Star.

17  
18 **Q. Do WSCK customers benefit from the company's affiliation with UI?**

19 A. Yes. The affiliation with UI has many benefits for WSCK customers. One of the primary  
20 benefits is that WSCK access to a large pool of human resources from which to draw upon.  
1 There are experts in various critical areas, such as construction, engineering operations,  
22 accounting, data processing, billing, regulation, customer service, etc. UI has the highest



1 level of combined expertise and level of experience in a more cost effective manner.

2  
3 While operating only water and sewer systems, UI personnel have the ability to meet the  
4 challenges of the rapidly changing utility industry. Because the UI companies are focused  
5 on the water and sewer industry, our companies enjoy some unique advantages, one of which  
6 is that capital is available for improvements and expansion at a reasonable cost. With  
7 increasingly more stringent health and environmental standards, ready access to capital will  
8 prove vital to continued quality service in the water and sewer utility business.

9  
10 In addition, the UI group of companies has national purchasing power that results in lower  
11 costs to rate payers. Expenditures for insurance, vehicles, chemicals and meters are a few  
12 examples of purchases where national contracts provide tangible benefits to rate-payers.

13  
14 **Q. What is the purpose of your testimony?**

15 A. The purpose of my testimony is to sponsor the Company's application for an adjustment  
16 of certain rates and charges for the provision of water and sewer services.

17  
18 **Q. Why is WSCK requesting rate relief at this time?**

19 A. Under present rates, WSCK is not able to meet its operating costs and earn a reasonable  
20 return on its investment in the WSCK system. The utility's current income statement is  
21 shown in Applicant's General Rate Case Application, Schedule B.

22  
23 For the test year ended June 30, 2008, WSCK earned a 0.94% return on its rate base,

1 which is 8% lower than the return recommended by the Company's rate of return  
2 witness, Pauline M. Ahern. The Company's current return on rate base is also well  
3 below its cost of capital, which as the Commission will hear from Ms. Ahern is 8%.  
4 According to the statistics compiled by the United States Department of Labor Bureau  
5 and Labor Statistics, the cost of water and sewer maintenance has increased  
6 approximately by 3.514% per year since the last rate case.

7  
8 Without satisfactory rate relief, WSCK ability to continue to provide safe, reliable and  
9 efficient water and sewer utility services to its customers will be placed in jeopardy, and  
10 WSCK will be unable to meet its financial obligations. In addition, capital will become  
11 more costly.

12  
13 **Q. Did WSCK cause a notice of rate increase of its petition to its customers?**

14 A. Yes. WSCK is publishing a notice of rate increase in the local newspaper for three  
15 consecutive weeks.

16  
17 **Q. What are WSCK customers currently charged for water utility service?**

18 A. The current charges for WSCK customers have been attached as Petitioner's Exhibit Sch. F.

19  
20  
21 **Q. What rates are you proposing?**

22 A. The proposed charges for WSCK customers have been attached as Petitioner's Exhibit Sch.  
23 F.

1 **Q. Were the financial schedules attached to WSCK application for rate relief prepared by**  
2 **you and/or under your direction?**

3 A. Yes, the schedules attached to the General Rate Case Application were prepared by me.

4

5 **Q. Are they incorporated herein by reference?**

6 A. Yes.

7

8 **Q. Please describe these schedules.**

9 A. The General Rate Case Application includes Exhibit 4, the financial statements for  
10 WSCK. The subsections are as follows:

11 Schedule A – Balance Sheet

12 Schedule B – Income Statement

13 Schedule C – Rate Base and Rate of Return

14 Schedule D – Test Year / Present Revenues

15 Schedule E – Proposed Revenues

16

17 **Q. Please explain how test year expenses were adjusted.**

18 A. Pro forma adjustments were made to the test year expenses based on known and measurable  
19 changes to actual expenses.

20

21 **Q. What are the known and measurable pro forma adjustments made to the income**  
22 **statement Schedule B?**

1 A. The following adjustments have been made to the income statement:

- 2 • Revenues are annualized at proposed rates using the average test year customers;
- 3 • Uncollectible Accounts are adjusted based on the percentage of uncollectible accounts to  
4 revenues in the test year applied to pro forma proposed revenues;
- 5 • Salaries, Wages and Benefits are adjusted to annualize as of the end of the year;
- 6 • Regulatory Commission Expense has been adjusted to reflect the cost of the current rate case  
7 over 3 years;
- 8 • Depreciation and Amortization Expense are annualized. Depreciation expense represents  
9 gross depreciable plant at the end of the year plus pro forma projects multiplied by their  
10 respective depreciation rates;
- 11 • Taxes other than Income is adjusted for annualized payroll taxes, Utility Commission Taxes,  
12 and Gross Receipts Taxes;
- 13 • Income Taxes are computed on taxable income at current rates;
- 14 • AFUDC is eliminated for rate making purposes;
- 15 • Interest on debt is computed using a 53.03%/46.97% debt/equity ratio and a 6.58% cost of  
16 debt; and;
- 17 • A consumer price index increase of 3.514% has been included;
- 18 • Allocation of Insurance Expense adjustment was booked;
- 19 • Adjustments to allocations were based on a new allocation methodology;
- 20 • Allocation of transportation expense was booked;
- 21 • Operating expense charged to plant has been adjusted for projected increases in salaries,  
22 taxes, and benefits for operators.

- 1       • Expenses for Clinton sewer operations have been reduced to actual expense reductions.

2

3 **Q.     What are the pro forma adjustments made to the rate base statement (Schedule C)?**

4 A.     The following adjustments were made to the rate base statement:

- 5       • Working capital has been calculated based on pro forma expenses;
- 6       • Pro forma plant is adjusted for a pro-forma project and CC&B (new billing system) closed
- 7             out after the test year but before the filing of the rate case;
- 8       • Accumulated depreciation has been adjusted for planned additional capital investments,
- 9             retirements, and plant held for future use;
- 10       • Plant Additions for July '08 to November '08 prorate to March '09;
- 11       • General ledger additions and associated accumulated depreciation up to rate base cut off
- 12             date and other rate base items and associated accumulated depreciation due to change in
- 13             allocation methodology are included;
- 14       • WSC and regional rate base adjustment based on new ERC allocation methodology.
- 15       • Transportation equipment has been reduced due to operator time for Clinton sewer
- 16             operations.

17

18 **Q.     Please explain Project Phoenix.**

19 A.     Project Phoenix consists of a system implementation of two integrated Oracle software

20     packages, JDE (JD Edwards EnterpriseOne) and CC&B (Customer Care & Billing). The

21     systems integrate the finance and operations processes and supporting technology to enhance

22     data transparency and provide ability for automated workflow, streamline and simplify

1 business processes with increased efficiencies and an enhanced control environment, enhance  
2 and improve financial, management, and regulatory reporting capability, establish a technical  
3 backbone and software applications capable to meet the needs of WSCK and UI as a whole,  
4 increase the reliability of source information with quick processing time for more effective  
5 decision making, and improve access and availability of information to facilitate user access  
6 and improved customer service.

7  
8 The JDE portion of Project Phoenix went in service in December of 2007 and was closed out  
9 from CWIP to plant in service in March of 2008. The total amount of the JDE portion was  
10 \$14,554,020 and 2.53% ERCs or \$367,498 is allocated to WSCK. The CC&B portion of  
11 Project Phoenix was closed out in July of 2008 in the amount of \$7,077,652. WSCK's portion  
12 is 2.53% ERCs or \$178,715. CC&B is treated as a pro-forma adjustment since it falls outside  
13 of the test year.

14 John Williams, Director of Governmental Affairs of Utilities, Inc., will offer more detailed  
15 testimony regarding Project Phoenix.

16  
17 **Q. How are the costs of Project Phoenix allocated to WSCK?**

18 A. Project Phoenix costs are allocated to WSCK by using Equivalent Residential Connections  
19 (ERCs).

20 **Q. Please describe the new allocation methodology of common costs?**

21 A. Certainly. As previously mentioned, WSCK is a wholly owned subsidiary of Utilities, Inc.  
22 Utilities, Inc. also wholly owns over 90 other subsidiaries in 15 different states. Utilities, Inc.  
23 also wholly owns Water Service Corporation, which I will sometimes refer to as "WSC", is a

1 company that manages the water and sewer operations for Utilities, Inc. subsidiaries. WSC  
2 operates without profit. Costs that are not directly assignable to a specific subsidiary are  
3 booked to WSC and are allocated to the Utilities, Inc. subsidiaries at year end, based on the  
4 basis of the proportion of active Equivalent Residential Customers (“ERCs”) served by the  
5 Operating Company to the total number of active ERCs served by the Parent and its affiliates.  
6 The WSC Service agreement is filed with the rate increase application.

7 WSCK has water customers in Clinton and water distribution customers in Middlesboro.  
8 WSCK also operates a sewer system in Clinton, but does not own the system. The new  
9 methodology of allocation went into effect first quarter of 2008. The Company has  
10 recalculated the allocations to remove sewer customers in Clinton which WSCK does not own.

11 Therefore, the allocations had to be recalculated based on the Middlesboro water distribution  
12 customers and the Clinton water customers only. The first two quarters of the 6/30/08 test year  
13 was based on customer equivalents and the calculations did not include Clinton sewer  
14 customers.

15  
16 **Q. Would you please provide a brief explanation of the column entitled “Per Restatement”**  
17 **On Schedule C?**

18 **A.** Certainly. When the WSCK acquisition was booked, the Company relied on a compilation  
19 performed by the accounting firm Gamble, Givens, and Moody for verification of fixed asset  
20 balances. The Company booked these fixed asset balances and in addition, the prior owner’s  
21 accumulated depreciation balances. However, the prior owner chose to report accumulated  
22 depreciation balances at tax depreciation rates, which depreciates plant too quickly. Therefore,  
23 WSCK recalculated accumulated depreciation and accumulated amortization based on in-

1 service dates of all utility plant in service, CIAC and AIAC based on the half-year convention  
2 method. WSCK used a composite rate of 2% for water plant, a 25% depreciation rate for  
3 vehicles, and a 12.5% depreciation rate for computers. The rate filing also includes \$36,282.69  
4 of organization costs in utility plant in service that was not booked at the time of acquisition.

5  
6 **What ratemaking methodology does the company propose that the Commission employ in**  
7 **this rate case?**

8  
9 A. The Company proposes that its rates be determined utilizing the rate of return on rate base  
10 methodology. The Company has a large rate base and needs to earn a rate of return that is  
11 sufficient to obtain the necessary equity and debt capital that a larger utility needs for sound  
12 operation.

13  
14 **Q. Does this conclude your testimony?**

15 A. Yes it does.


16



AFFIDAVIT

STATE OF Kentucky  
COUNTY OF Hickman and Bell Counties

Affiant, Lena Georgiev, after being first sworn, deposes and says that he (she) is authorized to submit this testimony on behalf of Water Service Corporation of Kentucky, and that the information contained in the testimony is true and accurate to the best of his (her) knowledge, information and belief, after a reasonable inquiry, and as to those matters that are based on information provided to him (her), he (she) believes to be true and correct.

Lena Georgiev   
(Name)

This instrument was produced, signed, acknowledged and declared by Lena Georgiev to be his (her) act and deed the 9th day of January, 2009.

Erin P Povich  
Notary Public

My Commission expires: April 30, 2011





BEFORE THE  
KENTUCKY PUBLIC SERVICE COMMISSION

PREPARED DIRECT TESTIMONY

OF

PAULINE M. AHERN, CRRA  
PRINCIPAL  
AUS CONSULTANTS

ON BEHALF OF

WATER SERVICE CORPORATION OF KENTUCKY

JANUARY 2009

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Appendix A – Professional Qualifications of Pauline M. Ahern

1 I. INTRODUCTION

2 **Q. Please state your name, occupation and business address.**

3 A. My name is Pauline M. Ahern and I am a Principal of AUS Consultants. My  
4 business address is 155 Gaither Drive, Suite A, Mt. Laurel, New Jersey 08054.

5  
6 **Q. Please summarize your educational background and professional  
7 experience.**

8 A. I am a graduate of Clark University, Worcester, MA, where I received a Bachelor  
9 of Arts degree with honors in Economics in 1973. In 1991, I received a Master of  
10 Business Administration with high honors from Rutgers University.

11 In June 1988, I joined AUS Consultants as a Financial Analyst and am  
12 now a Principal. I am responsible for the preparation of all fair rate of return and  
13 capital structure exhibits for AUS Consultants. I have offered expert testimony  
14 on behalf of investor-owned utilities before twenty-five state regulatory  
15 commissions. The details of these appearances, as well as details of my  
16 educational background, are shown in Appendix A supplementing this testimony.

17 I am also the Publisher of AUS Utility Reports (formerly C.A. Turner),  
18 responsible for the production, publication, distribution and marketing of these  
19 reports. AUS Utility Reports provides financial data and related ratios covering  
20 approximately 125 public utility companies on a monthly, quarterly, and annual  
21 basis. Coverage includes electric, combination gas and electric, gas distribution,  
22 gas transmission, telephone, water and international utilities.

23 I also calculate and maintain the A.G.A. Index under contract with the

1 American Gas Association (A.G.A.). The A.G.A. Index is a market  
2 capitalization weighted index of the common stocks of about 70 corporate  
3 members of the A.G.A.

4 I have co-authored an article with Frank J. Hanley, a Principal & Director  
5 of AUS Consultants entitled "Comparable Earnings: New Life for an Old  
6 Precept" which was published in the American Gas Association's Financial  
7 Quarterly Review, Summer 1994. I also assisted in the preparation of an article  
8 authored by Frank J. Hanley and A. Gerald Harris entitled "Does Diversification  
9 Increase the Cost of Equity Capital?" published in the July 15, 1991 issue of  
10 Public Utilities Fortnightly.

11 I am a member of the Society of Utility and Regulatory Financial  
12 Analysts (formerly the National Society of Rate of Return Analysts) serving as  
13 President for 2008-2010 and 2006-2008 and Secretary/Treasurer for 2004-2006.  
14 In 1992, I was awarded the professional designation "Certified Rate of Return  
15 Analyst" (CRRA) by the National Society of Rate of Return Analysts. This  
16 designation is based upon education, experience and the successful completion of  
17 a comprehensive written examination.

18 I am an associate member of the National Association of Water  
19 Companies, serving on its Finance Committee, a member of the Energy  
20 Association of Pennsylvania, formerly the Pennsylvania Gas Association, and a  
21 member of the American Finance and Financial Management Associations.

22

23 **Q. What is the purpose of your testimony?**

1 A. The purpose is to provide testimony on behalf of Water Service Corporation of  
2 Kentucky WSKK), as to the appropriate overall rate of return which it should be  
3 afforded the opportunity to earn on its jurisdictional rate base.

4  
5 **Q. What is your recommended range of overall rate of return?**

6 A. I recommend that the Kentucky Public Service Commission (KY PSC or the  
7 Commission) authorize the Company the opportunity to earn a range of common  
8 equity cost rate of 11.60%-12.10%, with a midpoint of 11.85% on the common  
9 equity financed portion of its jurisdictional rate base. A common equity range  
10 cost rate of 11.60%-12.10% results in a range of overall rate of return of 9.24% -  
11 9.51% (midpoint of 9.38) based upon the consolidated capital structure at June  
12 30, 2008 of Utilities, Inc., the parent of WSKK, which consisted of 46.97% total  
13 debt and 53.03% common equity, at a debt cost rate of 6.58% and my  
14 recommended common equity cost rate range of 11.60%-12.10% as summarized  
15 on Table 1 below:

16 Table 1

	<u>Capital Structure Ratios</u>	<u>Cost Rate</u>	<u>Weighted Return</u>
22 Long-Term Debt	46.97%	6.58%	3.09%
23 Common Equity	<u>53.03</u>	11.60%-12.10%	<u>6.15%-6.42%</u>
25 Total	<u>100.00%</u>		<u>9.24%-9.51%</u>

26  
27

28 **Q. Have you prepared an exhibit which supports your recommended range of**  
29 **common equity cost rate?**

1 A. Yes, I have. It has been marked for identification as Exhibit No. \_\_\_\_ and  
2 consists of Schedules PMA-1 through PMA-11.  
3

## 4 II. SUMMARY

5 **Q. Please summarize your recommended range of common equity cost rate.**

6 A. My recommended range of common equity cost rate of 11.60%-12.10% is  
7 summarized on Schedule PMA-1, page 2. Because WSCK's common stock is  
8 not publicly traded, a market-based common equity cost rate cannot be  
9 determined directly for WSCK. Therefore, in arriving at my recommended range  
10 of common equity cost rate of 11.60%-12.10%, I assessed the market-based cost  
11 rates of companies of relatively similar risk, i.e., proxy group(s), for insight into a  
12 recommended common equity cost rate applicable to WSCK and suitable for cost  
13 of capital purposes. Using other utilities of relatively comparable risk as proxies  
14 is consistent with the principles of fair rate of return established in the Hope<sup>1</sup> and  
15 Bluefield<sup>2</sup> cases and adds reliability to the informed expert judgment used in  
16 arriving at a recommended common equity cost rate. However, no proxy group  
17 can be selected to be identical in risk to WSCK and therefore, the proxy groups'  
18 results must be adjusted to reflect the greater relative business risk of WSCK due  
19 to its smaller relative size as will be subsequently discussed in detail. The basis  
20 of selection of the proxy groups will also be discussed subsequently.

21 As explained in more detail below, my recommendation results from the

---

<sup>1</sup> Federal Power Commission v. Hope Natural Gas Co., 320 U.S. 591 (1944).

<sup>2</sup> Bluefield Water Works Improvement Co. v. Public Serv. Comm'n, 262 U.S. 679 (1922).



1 application of four well-tested market-based cost of common equity models, the  
 2 Discounted Cash Flow (DCF) approach, the Risk Premium Model (RPM), the  
 3 Capital Asset Pricing Model (CAPM), and the Comparable Earnings Model  
 4 (CEM).

5 The results derived from each are as follows:

6 Table 2

	Proxy Group of Seven AUS Utility Reports Water <u>Companies</u>	Proxy Group of Ten AUS Utility Rpts. Gas Distribution <u>Companies</u>
7 Discounted Cash Flow Model	10.90%	9.82%
8 Risk Premium Model	11.86	11.27
9 Capital Asset Pricing Model	11.39	9.53
10 Comparable Earnings Model	13.41	16.50
11		
12		
13 Indicated Range of Common Equity		
14 Cost Rate Before Financial and		
15 Business Risk Adjustment	11.75	11.25
16		
17 Business Risk Adjustment	<u>0.35</u>	<u>0.35</u>
18		
19 Indicated Range of		
20 Common Equity Cost Rate after		
21 Adjustment for Business Risk	<u>12.10%</u>	<u>11.60%</u>
22		
23 Recommended Range of Common Equity		
24 Cost Rate	<u>11.60% - 12.10%</u>	

25 After reviewing the cost rates based upon the four models, I conclude that  
 26 a range of common equity cost rate, before any adjustment for business risk of  
 27 11.25% - 11.75% is indicated based upon the application of all four models to the  
 28 market data of both proxy groups. The indicated common equity cost rates  
 29 relative to both proxy groups were then adjusted upward by 35 basis points  
 30 (0.35%) to reflect WSCK's increased business risk, due to its smaller size,  
 31 relative to both proxy groups. After the adjustment, my recommended range of

1 common equity cost rate is 11.60% - 12.10%, with a midpoint of 11.85%, and is  
2 applicable to the Company's requested common equity ratio of 53.03% at June  
3 30, 2008

### 4 . 5 III. GENERAL PRINCIPLES

6 **Q. What general principles have you considered in arriving at your  
7 recommended range of common equity cost rate of 11.60%-12.10%?**

8 A. In unregulated industries, the competition of the marketplace is the principal  
9 determinant of the price of a product or service. In the case of regulated public  
10 utilities, regulation must act as a substitute for such marketplace competition.  
11 Consequently, marketplace data must be relied upon to assure that the utility can  
12 fulfill its obligations to the public and provide adequate service at all times. This  
13 requires a level of earnings sufficient to maintain the integrity of presently  
14 invested capital and permit the attraction of needed new capital at a reasonable  
15 cost in competition with other firms of comparable risk, consistent with the fair  
16 rate of return standards established by the U.S. Supreme Court in the Hope and  
17 Bluefield cases cited previously. Consequently, in my determination of common  
18 equity cost rate, I have evaluated data gathered from the marketplace for utilities  
19 as similar in risk as possible to WSCK.

20

1 **IV. BUSINESS RISK**

2 **Q. Please define business risk and explain why it is important to the**  
3 **determination of a fair rate of return.**

4 A. Business risk incorporates all of the risks of a firm other than financial risk,  
5 which will be discussed subsequently. Examples of business risk include the  
6 quality of management, the regulatory environment, customer mix, service  
7 territory growth and the like, which have a direct bearing on earnings.

8 Business risk is important to the determination of a fair rate of return  
9 because the greater the level of risk, the greater the rate of return investors  
10 demand, consistent with the basic financial precept of risk and return.

11  
12 **Q. Please discuss the business risks facing the water industry in general.**

13 A. The water and wastewater utility industry faces significant risks related to  
14 replacing aging transmission and distribution systems. Although Value Line  
15 Investment Survey<sup>3</sup> observes the following about the water utility industry, it  
16 applies equally to the wastewater utility industry as many of the water companies  
17 followed by Value Line also have wastewater operations:

18 The costs of maintaining current water systems in the United  
19 States continue to climb and do not appear to be slowing down.  
20 Many systems are over the century mark and require significant  
21 upkeep or even rebuilding. Coupled with increasingly stringent  
22 EPA requirements, infrastructure repairs are likely to require  
23 hundreds of millions of dollars in maintenance the coming decade.  
24 However, many do not have the finances to foot the bill and will  
25 have to tap finance and debt markets to do so, or, in the case of  
26 smaller operators, close up shop. That said, M&A activity is

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<sup>3</sup> Value Line Investment Survey, October 25, 2008.

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expected to remain at a feverish pace.

\* \* \* \* \*

We have reversed course with regard to entry into the Water Utility industry and, for the first time in recent memory, are advising investors to consider establishing a position here. The economic backdrop is likely to remain difficult for the foreseeable future and these stocks stand to be the beneficiaries, as investors look to ride out the rough investment waters in less volatile areas of the market. The industry's healthy dividend yields ought to Sheet the appetite of anxious participants. That said, the 3- to 5-year prospects of these stock's are not as promising, with the aforementioned infrastructure expenditures and necessary financing hovering over shareholder returns.

In addition, because the water and wastewater industry is much more capital-intensive than the electric, natural gas or telephone industries, the investment required to produce a dollar of revenue is greater. And, because investor-owned water and wastewater utilities typically do not receive federal funds for infrastructure replacement, the challenge to investor-owned water and wastewater utilities is exacerbated and their access to financing is restricted, thus increasing risk.

The National Association of Regulatory Commissioners (NARUC) has also highlighted the challenges facing the water and wastewater industry stemming from its capital intensity. NARUC's Board of Directors adopted a resolution in July 2006, taking the position that<sup>4</sup>:

WHEREAS, To meet the challenges of the water and wastewater industry which may face a combined capital investment requirement nearing one trillion dollars over a 20-year period, the following policies and mechanisms were identified to help ensure sustainable practices in promoting needed capital investment and

---

<sup>4</sup> "Resolution Supporting Consideration of Regulatory Policies Deemed as 'Best Practices'", Sponsored by the Committee on Water. Adopted by the NARUC Board of Directors, July 27, 2006.

1 cost-effective rates: a) the use of prospectively relevant test years;  
2 b) the distribution system improvement charge; c) construction  
3 work in progress; d) pass-through adjustments; e) staff-assisted  
4 rate cases; f) consolidation to achieve economies of scale; g)  
5 acquisition adjustment policies to promote consolidation and  
6 elimination of non-viable systems; h) a streamlined rate case  
7 process; i) mediation and settlement procedures; j) defined  
8 timeframes for rate cases; k) integrated water resource  
9 management; l) a fair return on capital investment; *and* m)  
10 improved communications with ratepayers and stakeholders; *and*

11  
12 WHEREAS, Due to the massive capital investment required to  
13 meet current and future water quality and infrastructure  
14 requirements, adequately adjusting allowed equity returns to  
15 recognize industry risk in order to provide a fair return on invested  
16 capital was recognized as crucial...

17  
18 RESOLVED, That the National Association of Regulatory Utility  
19 Commissions (NARUC), convened in its July 2006 Summer  
20 Meetings in Austin, Texas, conceptually supports review and  
21 consideration of the innovative regulatory policies and practices  
22 identified herein as "best practices;" *and be it further*

23  
24 RESOLVED, That NARUC recommends that economic regulators  
25 consider and adopt as many as appropriate of the regulatory  
26 mechanisms identified herein as best practices...

27  
28 The water and wastewater utility industry also experiences lower relative  
29 depreciation rates. Lower depreciation rates, as one of the principal sources of  
30 internal cash flows for all utilities, mean that water and wastewater utility  
31 depreciation as a source of internally-generated cash is far less than for electric,  
32 natural gas or telephone utilities. Water and wastewater utilities' assets have  
33 longer lives and, hence, longer capital recovery periods. As such, water and  
34 wastewater utilities face greater risk due to inflation which results in a higher  
35 replacement cost per dollar of net plant than for other types of utilities. Water  
36 utilities experienced an average depreciation rate of 2.6% for 2007 with WSCK

1 experiencing a similar depreciation rate of 2.5% in 2007. In contrast, in 2007 the  
2 electric, combination electric and gas, natural gas or telephone industries,  
3 experienced average depreciation rates of 3.6%, 3.8%, 3.5% and 8.2%,  
4 respectively.

5 In addition, as noted by Standard & Poor's (S&P)<sup>5</sup>:

6 Standard & Poor's expects the already capital-intensive water  
7 utility industry to become even more so over the next several years.  
8 Due to the aging pipeline infrastructure and more stringent quality  
9 standards, the U.S. Environmental Protection Agency's (EPA)  
10 foresees a need for \$277 billion to upgrade and maintain U.S.  
11 water utilities through 2022, with about \$185 billion going toward  
12 infrastructure improvements. In addition, about \$200 billion will  
13 be needed for wastewater applications, which suggests increased  
14 capital spending to be a long-term trend in this industry.

15  
16 In line with these trends, many companies have announced  
17 aggressive capital spending programs. Forecast capital spending  
18 primarily focuses on infrastructure replacements and growth  
19 initiatives. Over the past five years, capital spending has been  
20 equivalent to about three times its depreciation expense. However,  
21 companies are now forecasting spending to be at or above four  
22 times depreciation expense over the intermediate term. For  
23 companies in regulatory jurisdictions that provide timely cost  
24 recovery for capital expenditures, the increased spending is likely  
25 to have a minimal effect on financial metrics and ratings.  
26 However, companies in areas without these mechanisms, earnings,  
27 and cash flow could be negatively affected by the increased  
28 spending levels, which over the longer term could harm a  
29 company's overall credit profile.

30  
31 Due to the high level of capital spending, U.S. investor-owned  
32 water utilities do not generate positive free cash flow. This,  
33 coupled with the forecast increase in capital spending over the  
34 intermediate term, will require additional access to capital markets.  
35 We expect rated water companies to have enough financial  
36 flexibility to gain that access. Ratings actions shouldn't result  
37 from this increased market activity because we expect companies

---

<sup>5</sup> Standard & Poor's, Credit Outlook For U.S. Investor-Owned Water Utilities Should Remain Stable in 2008 (January 31, 2008) 2, 4.

1 to use a balanced financing approach, which should maintain debt  
2 near existing levels.

3  
4 Moody's<sup>6</sup> also notes that:

5  
6 We expect that the credit quality of the investor-owned U.S. water  
7 utilities will likely deteriorate over the next several years, due to  
8 ongoing large capital spending requirements in the industry.  
9 Larger capital expenditures facing the water utility industry result  
10 from the following factors:

- 11
- 12 • Continued federal and state environmental compliance  
13 requirements;
  - 14 • Higher capital investments for constructing modern water  
15 treatment and filtration facilities;
  - 16 • Ongoing improvement of maturing distribution and  
17 delivery infrastructure; and
  - 18 • Heightened security measures for emergency preparedness  
19 designed to prevent potential terrorist acts.
- 20

21 Given the overwhelming importance of protecting the public  
22 health, the water utility industry remains regulated by the federal  
23 and state regulatory agencies. As a result of this importance, the  
24 level of state regulators' responsiveness is critical in enabling the  
25 water utilities to maintain their financial integrity. In addition,  
26 when utilities are permitted a fair rate of return and timely rate  
27 adjustments to reflect the costs of providing this essential service,  
28 they will be more able to implement the necessary safeguards to  
29 protect the public health.

30  
31 Also, both the Congressional Budgeting Office (CBO) and the  
32 Environmental Protection Agency (EPA) have addressed the necessary future  
33 growth in water and wastewater utility infrastructure. In November 2002, the  
34 CBO published a study entitled, "Future Investment in Drinking Water and  
35 Wastewater Infrastructure" in which it concluded that<sup>7</sup>:

---

<sup>6</sup> Moody's Investors Service, Global Credit Research, "Credit Risks and Increasing for U.S. Investor Owned Water Utilities", Special Comment (January 2004) 5.

<sup>7</sup> "Future Investment in Drinking Water and Wastewater Infrastructure", The Congress of the United States - Congressional

1 CBO estimates that for the years 2000 to 2019, annual costs for  
2 investment will average between \$11.6 billion and \$20.1 billion  
3 for drinking water systems and between \$13.00 billion and \$20.9  
4 billion for wastewater systems.

5  
6 These estimates, over the ten years ending 2019, total from \$116.0 -  
7 \$201.0 billion for drinking water systems and between \$130.0 - \$209.0 billion  
8 for wastewater systems, totaling \$246.0 - \$410.0 billion for the water and  
9 wastewater industry combined.

10 Similarly, the EPA states the following<sup>8</sup>:

11 EPA found that the total infrastructure need nationwide is \$276.8  
12 billion for the 20-year period of January 2003 through December  
13 2022. With \$183.6 billion in needs over the next 20 years,  
14 transmission and distribution projects represent the largest  
15 category of need. This result is consistent with the fact that  
16 transmission and distribution mains account for most of the  
17 nation's water infrastructure. The other categories, in descending  
18 order of need, are: treatment, storage, source, and a miscellaneous  
19 category of needs called "other" that includes such items as  
20 security needs.

21  
22 In addition, the water utility industry, as well as the electric and natural  
23 gas utility industries, faces the need for increased funds to finance the increasing  
24 security costs required to protect the water supply and infrastructure from  
25 potential terrorist attacks in the post-September 11, 2001 world.

26 In view of the foregoing, it is clear that the water and wastewater utility  
27 industry's high degree of capital intensity coupled with the need for substantial  
28 infrastructure capital spending and increased anti-terrorism and anti-bioterrorism  
29 security spending, requires regulatory support in the form of adequate and timely

---

Budget Office (November 2002) ix.

<sup>8</sup> "Fact Sheet: "EPA's 2003 Drinking Water Infrastructure Needs Survey and Assessment", United States Environmental



1 rate relief, as recognized by NARUC, so water and wastewater utilities will be  
2 able to successfully meet the challenges they face.

3  
4 **Q. Does WSCK additional extraordinary business risk?**

5 A. Yes. WSCK's smaller size as shown on page 3 of Schedule PMA-1, i.e., total  
6 permanent capital of \$4.235 million at fiscal year end 2007 relative to average  
7 total permanent capital of \$662.565 million in 2007 for the proxy group of seven  
8 AUS Utility Reports water companies, \$1.449 billion for the proxy group of ten  
9 AUS Utility Reports natural gas distribution companies indicates greater relative  
10 business risk because all else equal, size has a bearing on risk.

11  
12 **Q. Please explain why size has a bearing on business risk.**

13 A. Smaller companies are simply less able to cope with significant events which  
14 affect sales, revenues and earnings. In general, as will be discussed in detail  
15 subsequently, the loss of revenues from a few larger customers, for example,  
16 would have a greater effect on a small company than on a much larger company  
17 with a larger customer base. In addition, the effect of extreme weather  
18 conditions, i.e., prolonged droughts or extremely wet weather will have a greater  
19 effect upon a small operating water utility than upon the much larger, more  
20 geographically diverse holding companies.

21 Another factor contributing to the risk effects of size include the fact that  
22 investors demand greater returns to compensate for a lack of marketability and

1 liquidity. Because WSCK is the regulated utility to whose rate base the  
 2 Commission's ultimately allowed overall cost of capital and fair rate of return  
 3 will be applied, the relevant risk reflected in the cost of capital must be that of  
 4 WSCK, including the impact of its small size on common equity cost rate. Size  
 5 is an important factor which affects common equity cost rate, and WSCK is  
 6 significantly smaller than the average company in the proxy group based upon  
 7 total investor-provided capital as shown below:

8 Table 3

	2007 Permanent Total <u>Capital (1)</u> (\$ millions)	Times Greater than <u>The Company</u>	Market <u>Capitalization(1)</u> (\$ Millions)	Times Greater than <u>the Company</u>
16 Proxy Group of Seven 17 AUS Utility Reports 18 Water Companies	\$662.565	156.4x	\$760.393	90.9x
19 Proxy Group of Ten 20 AUS Utility Reports 21 Gas Distribution Cos.	1,448.561	342.0	1,407.909	172.2
22 WSCK	4.235		8.364 (2) 8.178 (3)	

23  
 24 (1) From Schedule PMA-1, page 3.

25 (2) Based upon the average market-to-book ratio of the proxy group of seven AUS Utility  
 26 Reports water companies.

27 (3) Based upon the average market-to-book ratio of the proxy group of ten AUS Utility  
 28 Reports natural gas distribution companies.

29  
 30 Table 3 above also shows the results of my study of the market  
 31 capitalization of the proxy group of seven AUS Utility Reports water companies  
 32 and proxy group of ten AUS Utility Reports natural gas distribution companies.  
 33 The results are shown on page 4 of Schedule PMA-1 which also summarizes the  
 34 group's average market capitalization as of January 2, 2009.

35 Because WSCK's common stock is not publicly traded, I have assumed  
 36 that if it were publicly traded, the common shares would be selling at the same

1 market-to-book ratio as the average market-to-book ratio for each proxy group,  
2 or 197.5% and 193.1%, respectively, on January 2, 2009. Hence, WSCK's  
3 market capitalization is estimated at \$8.364 million based upon the average  
4 market-to-book ratio of the seven water companies and \$8.178 million based  
5 upon the average market-to-book ratio of the ten gas distribution companies. In  
6 contrast, the market capitalization of the average AUS Utility Reports water  
7 company was \$760.393 million on January 2, 2009, or 90.9 times larger than  
8 WSCK's estimated market capitalization and \$1,407.909 billion for the average  
9 AUS Utility Reports natural gas distribution company, or 172.2 times larger than  
10 WSCK's estimated market capitalization. It is conventional wisdom, supported  
11 by actual returns over time, that smaller companies tend to be more risky causing  
12 investors to expect greater returns as compensation for that risk.

13  
14 **Q. Does the financial literature affirm a relationship between size and common**  
15 **equity cost rate?**

16 A. Yes. Brigham<sup>9</sup> states:

17 A number of researchers have observed that portfolios of small-  
18 firms have earned consistently higher average returns than those of  
19 large-firms stocks; this is called "small-firm effect." On the  
20 surface, it would seem to be advantageous to the small firms to  
21 provide average returns in a stock market that are higher than those  
22 of larger firms. In reality, it is bad news for the small firm; what  
23 *the small-firm effect means is that the capital market demands*  
24 *higher returns on stocks of small firms than on otherwise similar*  
25 *stocks of the large firms.* (italics added)  
26

---

<sup>9</sup> Eugene F. Brigham, Fundamentals of Financial Management, Fifth Edition (The Dryden Press, 1989) 623.

1 **V. FINANCIAL RISK**

2 **Q. Please define financial risk and explain why it is important to the**  
3 **determination of a fair rate of return.**

4 **A. Financial risk is the additional risk created by the introduction of senior capital,**  
5 **i.e., debt and preferred stock, into the capital structure. In other words, the higher**  
6 **the proportion of senior capital in the capital structure, the higher the financial**  
7 **risk.**

8 Utilities formerly were considered to have much less business risk in  
9 comparison to unregulated enterprises, and, as a result, a larger percentage of  
10 debt capital was acceptable to investors.

11 In November 2007, S&P published its electric, gas, and water utility  
12 ratings rankings lists in a framework consistent with the manner in which it  
13 presents its rating conclusions across all other corporate sectors. As S&P stated<sup>10</sup>:

14 Incorporating utility ratings into a shared framework to  
15 communicate the fundamental credit analysis of a company  
16 furthers the goals of transparency and comparability in the  
17 ratings process.

18 \* \* \*

19  
20  
21 The utilities rating methodology remains unchanged, and the  
22 use of the corporate risk matrix has not resulted in any  
23 changes to ratings or outlooks. The same five factors that  
24 we analyzed to produce a business risk score in the familiar  
25 10-point scale are used in determining whether a utility  
26 possesses an “Excellent,” “Strong,” “Satisfactory,” “Weak,”  
27 or “Vulnerable” business risk profile.

28  
29 Pages 1 through 9 of Schedule PMA-2 describe the utility bond rating

---

<sup>10</sup> Standard & Poor's – Ratings Direct – “U.S. Utilities Ratings Analysis Now Portrayed In The S&P Corporate Ratings Matrix” (November, 30, 2007) 2.

1 process. S&P's new business risk/financial risk matrix is shown in Table 1 on  
2 page 11 of Schedule PMA- 2, while financial risk indicative ratios for utilities are  
3 shown in Table 2 on page 12. Notwithstanding the metrics published in Table 2,  
4 S&P states:

5 Note that even after we assign a company a business risk and a  
6 financial risk, the committee does not arrive by rote at a rating  
7 based on the matrix. The matrix is a guide – it is not intended to  
8 convey precision in the ratings process or reduce the decision to  
9 plotting intersections on a graph.

10  
11 As shown on Schedule PMA-10, page 2, the average S&P bond rating  
12 (issuer credit rating), business risk profile and financial risk profile of the seven  
13 AUS Utility Reports water companies is A (A), Excellent and Intermediate,  
14 while the average for the ten AUS Utility Reports natural gas distribution  
15 companies are A (A), Excellent and Intermediate as well.

16  
17 **Q. Nevertheless, can one still measure the combined business risks, i.e.,**  
18 **investment risk of an enterprise using bond ratings and credit ratings?**

19 **A.** Yes, similar bond ratings/issue credit ratings reflect similar combined business  
20 risks, i.e., total risk. Although the specific business or financial risks may differ  
21 between companies, the same bond rating indicates that the combined risks are  
22 similar as the bond rating process reflects acknowledgment of all diversifiable  
23 business and financial risks in order to assess credit quality or credit risk. For  
24 example, S&P expressly indicates that the bond rating process encompasses a  
25 qualitative analysis of business and financial risks (see pages 3 through 9 of  
26 Schedule PMA-2). While not a means by which one can specifically quantify the

1 differential in common equity risk between companies, the bond (credit) rating  
2 provides a useful means to compare/differentiate investment risk between  
3 companies because it is the result of a thorough and comprehensive analysis of  
4 all diversifiable business risks, i.e., investment risk.

## 6 VI. WATER SERVICE CORPORATION OF KENTUCKY

7 **Q. Have you reviewed financial data for WSCK?**

8 A. Yes. Incorporated in 2002, WSCK provides water service to approximately  
9 8,000 customers in Hickman and Bell Counties. WSCK is a wholly-owned  
10 subsidiary of Utilities, Inc. Thus, the Company's common stock is not publicly  
11 traded.

## 13 VII. PROXY GROUPS

14 **Q. Please explain how you chose the proxy group of seven AUS Utility Reports**  
15 **water companies.**

16 A. The basis of selection for the proxy group of seven AUS Utility Reports water  
17 companies were those companies which meet the following criteria: 1) they are  
18 included in the Water Company Group of AUS Utility Reports (January 2009);  
19 2) they have Value Line or Reuters consensus five-year EPS growth rate  
20 projections; 3) they have a Value Line adjusted beta; 4) they have not cut or  
21 omitted their common dividends during the five years ending 2007 or through the  
22 time of the preparation of this testimony; 5) they have 60% or greater of total net  
23 operating income derived from and 60% or greater of total assets devoted to

1 regulated water operations; and 5) which, at the time of the preparation of this  
2 testimony, had not publicly announced that they were involved in any major  
3 merger or acquisition activity.

4  
5 **Q. Please describe Schedule PMA-3.**

6 A. Schedule PMA-3 contains comparative capitalization and financial statistics for the  
7 seven AUS Utility Reports water companies for the years 2003 through 2007. Page  
8 1 contains a summary of the comparative data for the years 2003-2007. Page 2  
9 contains notes relevant to page 1, as well as the basis of selection and names of the  
10 individual companies in the proxy group, while page 3 contains the capital  
11 structure ratios based upon total permanent capital (excluding short-term debt) by  
12 company and on average for the years 2003-2007.

13 During the five-year period ending 2007, the historically achieved average  
14 earnings rate on book common equity for this group averaged 9.27%. The average  
15 common equity ratio based upon total permanent capital was 50.56% for the five-  
16 years ending 2007, while the five-year average dividend payout ratio was 64.49%.

17 Coverage of interest charges, excluding all AFUDC from funds from  
18 operations for the years 2003-2007 ranged between 3.74 and 4.29 times and  
19 averaging 4.05 times, while funds from operations relative to total debt ranged  
20 from 16.49% to 20.74% averaging 18.86%.

21  
22 **Q. Please explain how you chose the proxy group of ten AUS Utility Reports**  
23 **natural gas distribution companies.**

1 A. Because of the small number of publicly traded water companies available for use  
2 as proxies for WSCK as well as the limited availability of comprehensive  
3 marketability for those companies, I have also utilized a proxy group of gas  
4 distribution companies. Like water companies, these gas distribution companies  
5 deliver a commodity, i.e., natural gas to customers through a similar distribution  
6 system. The basis of selection for the proxy group of ten AUS Utility Reports  
7 natural gas distribution companies was to include those companies which meet the  
8 following criteria: 1) they are included in the Natural Gas Distribution and  
9 Integrated Gas Company Group of AUS Utility Reports (January 2009); 2) they  
10 have Value Line or Reuters consensus five-year EPS growth rate projections; 3)  
11 they have a Value Line adjusted beta; 4) they have not cut or omitted their common  
12 dividends during the five years ending 2007 or to the time of the preparation of this  
13 testimony; 5) they have 60% or greater of total net operating income derived from  
14 and 60% or greater of total assets devoted to regulated gas distribution operations  
15 and 6) which, at the time of the preparation of this testimony, had not publicly  
16 announced that they were involved in any major merger or acquisition activity.

17

18 **Q. Please describe Schedule PMA-4.**

19 A. Schedule PMA-4 contains comparative capitalization and financial statistics for the  
20 ten AUS Utility Reports natural gas distribution companies for the years 2003  
21 through 2007. Page 1 contains a summary of the comparative data for the years  
22 2003-2007. Page 2 contains notes relevant to page 1, as well as the basis of  
23 selection and names of the individual companies in the proxy group, while Page 3



1 contains the capital structure ratios based upon total permanent capital (excluding  
2 short-term debt) by company and on average for the years 2003-2007.

3 During the five-year period ending 2007, the historically achieved average  
4 earnings rate on book common equity for this group averaged 12.08%. The five-  
5 year period ending 2007 average common equity ratio based upon permanent  
6 capital was 52.18%, while the five-year average dividend payout ratio was 63.31%.

7 Coverage of interest charges, excluding all AFUDC from funds from  
8 operations for the years 2003-2007 ranged between 4.18 and 5.53 times and  
9 averaged 4.84 times during the five-year period, while funds from operations  
10 relative to total debt ranged from 18.77% to 21.63% and averaged 20.35% during  
11 the five-year period.

## 12 13 **VIII. COMMON EQUITY COST RATE MODELS**

### 14 **A. The Efficient Market Hypothesis (EMH)**

15 **Q. Are the cost of common equity models you use market-based models, and**  
16 **hence based upon the EMH?**

17 A. Yes. The DCF model is market-based in that market prices are utilized in  
18 developing the dividend yield component of the model. The RPM is market-based  
19 in that the bond ratings and expected bond yields used in the application of the  
20 RPM reflect the market's assessment of risk. In addition, the use of betas to  
21 determine the equity risk premium also reflects the market's assessment of risk as  
22 betas are derived from regression analyses of market prices. The CAPM is market-  
23 based for many of the same reasons that the RPM is market-based i.e., the use of

1 expected bond (Treasury bond) yields and betas. The CEM is market-based in that  
2 the process of selecting the comparable risk non-utility companies is based upon  
3 statistics which result from regression analyses of market prices. Therefore, all the  
4 cost of common equity models I utilize are market-based models, and hence based  
5 upon the EMH.

6  
7 **Q. Please describe the conceptual basis of the EMH.**

8 A. The EMH, which is the foundation of modern investment theory, was pioneered by  
9 Eugene F. Fama<sup>11</sup> in 1970. An efficient market is one in which security prices  
10 reflect all relevant information all the time. This implies that prices adjust  
11 instantaneously to new information, thus reflecting the intrinsic fundamental  
12 economic value of a security.<sup>12</sup>

13 As noted by Brealey and Myers, the generally accepted “semistrong” form  
14 of the EMH asserts that all publicly available information is fully reflected in  
15 securities prices, i.e., fundamental analysis cannot enable an investor to “out-  
16 perform the market” is generally held to be true because the use of insider  
17 information often enables investors to “outperform the market” and earn excessive  
18 returns. This means that all perceived risks are taken into account by investors in  
19 the prices they pay for securities. Investors are aware of all publicly-available  
20 information, including bond ratings, discussions about companies by bond rating  
21 agencies and investment analysts as well as the various cost of common equity

---

<sup>11</sup> Fama, Eugene F., “Efficient Capital Markets: A Review of Theory and Empirical Work” (*Journal of Finance*, May 1970) 383-417.

1 methodologies (models) discussed in the financial literature. In an attempt to  
2 emulate investor behavior, no single common equity cost rate model should be  
3 relied upon exclusively in determining a cost rate of common equity and the results  
4 of multiple cost of common equity models should be taken into account.

5 In addition, there is substantial support in the academic literature for the need to  
6 rely upon more than one cost of common equity model in arriving at a  
7 recommended common equity cost rate.

8 In view of the foregoing, it is clear that investors are or should be aware of  
9 all of the models available for use in determining a common equity cost rate. The  
10 EMH requires the assumption that, collectively, investors consider them all.

11  
12 **B. Discounted Cash Flow Model (DCF)**

13 **Q. What is the theoretical basis of the DCF model?**

14 A. The theory of the DCF model is that the present value of an expected future stream  
15 of net cash flows during the investment holding period can be determined by  
16 discounting the cash flows at the cost of capital, or the capitalization rate. DCF  
17 theory suggests that an investor buys a stock for an expected total return rate which  
18 is derived from cash flows received in the form of dividends plus appreciation in  
19 market price (the expected growth rate). Thus, the dividend yield on market price  
20 plus a growth rate equals the capitalization rate, i.e., the total return rate expected  
21 by investors.

22

---

<sup>12</sup> Morin, Roger A., New Regulatory Finance (Public Utility Reports, Inc., 2006) 279-281.

1       **Q    Which version of the DCF model do you use?**

2       **A.** I utilize the single-stage constant growth model because in my experience as an  
3       expert rate of return witness it is the most widely utilized version of the DCF used  
4       in public utility rate regulation. In my opinion, it is widely utilized because  
5       utilities are generally in the mature stage of their lifecycles and not in transition  
6       stage to another. This is especially true for water utilities. Thus, there is no basis  
7       for using multi-stage growth versions of the DCF model. Hence, in the current  
8       proceeding, the constant growth model is most appropriate.

9

10       **Q.   Please describe the dividend yield you used in your application of the DCF**  
11       **model.**

12       **A.** The unadjusted dividend yields are based upon an average of a recent spot date  
13       (January 2, 2009) as well as an average of the three months ended December 31,  
14       2008, respectively, which are derived on Schedule PMA-6. The average  
15       unadjusted yield is 3.55% and the median unadjusted yield is 2.93% for the seven  
16       AUS Utility Reports water companies and 3.92% and 3.48%, respectively, for the  
17       ten AUS Utility Reports natural gas distribution companies.

18

19       **Q.   Please explain the dividend growth component shown on Schedule PMA-5,**  
20       **column 2.**

21       **A.** Because dividends are paid quarterly, or periodically, as opposed to continuously  
22       (daily), an adjustment to the dividend yield must be made. This is often referred to  
23       as the discrete, or the Gordon Periodic, version of the DCF model.

1            Since the various companies in the proxy groups increase their quarterly  
2            dividend at various times during the year, a reasonable assumption is to reflect one-  
3            half the annual dividend growth rate in the  $D_1$  expression, or  $D_{1/2}$ . This is a  
4            conservative approach which does not overstate the dividend yield which should be  
5            representative of the next twelve-month period. Therefore, the actual average  
6            dividend yields in Column 1 on Schedule PMA-5 have been adjusted upward to  
7            reflect one-half the growth rates shown in Column 4.

8  
9            **Q. Please explain the basis of the growth rates of the proxy groups which you use**  
10           **in your application of the DCF model.**

11           A. Schedule PMA-7 shows that approximately 54% of the common shares of the  
12           seven AUS Utility Reports water companies and 47% of the common shares of the  
13           ten AUS Utility Reports natural gas distribution companies are held by individuals  
14           as opposed to institutional investors. Individual investors are particularly likely to  
15           place great significance on the opinions expressed by financial information  
16           services, such as Value Line and Reuters, which are easily accessible and/or  
17           available on the Internet.

18           Forecasts by analysts, including Value Line, are typically limited to five  
19           years. In my opinion, investors in water utilities would have little interest in  
20           historical growth rates beyond the most recent five years because an historical five-  
21           year period balances the five-year period for projected growth rates. Consequently,  
22           the use of five-year historical and five-year projected growth rates in earnings per  
23           share (EPS) and dividends per share (DPS) as well as the sum of internal and

1 external growth in per share value (BR + SV) is appropriate to consider in the  
2 determination of a growth rate for use in this application of the DCF model. In  
3 addition, investors realize that analysts have significant insight into the dynamics  
4 of the industries and they analyze individual companies as well as companies'  
5 abilities to effectively manage the effects of changing laws and regulations.  
6 Consequently, I have reviewed analysts' projected growth in EPS, as well as  
7 historical and projected five-year compound growth rates in EPS, DPS and (BR +  
8 SV) for each company in the proxy groups. Because the gas distribution industry  
9 has been partially deregulated, it is my opinion that investors rely upon forecasted  
10 EPS growth rates when arriving at their required return on common equity for gas  
11 distribution companies. Therefore, for these companies, I will rely exclusively  
12 upon forecasted growth rates in EPS in my application of the DCF. However, for  
13 the water companies, because the industry has not experienced the deregulation  
14 experienced by the gas distribution companies, I will also rely upon historical  
15 growth rates in my application of the DCF. The historical growth rates are from  
16 Value Line or are calculated in a manner similar to Value Line, while the projected  
17 growth rates in earnings are from Value Line and Reuters forecasts. Reuters  
18 growth rate estimates are not available for DPS and internal growth, and they do  
19 not include the Value Line projections.

20 All of these growth rates are summarized for the companies in the proxy  
21 groups on page 1, Schedule PMA-8. Supporting growth rate data are detailed on  
22 pages 2 through 7 of Schedule PMA-8, while pages 8 through 24 contain all of the  
23 most current Value Line Investment Survey data for the companies in the two

1 proxy groups.

2

3 **Q. Please summarize the DCF model results.**

4 A. As shown on Schedule PMA-5, the result of the application of the single-stage  
5 DCF model is 11.90% using the average and 10.90% when using the median  
6 value of the seven AUS Utility Reports water companies results. As also shown  
7 on Schedule PMA-5, the results of the application of the single-stage DCF model  
8 is 9.55% using the average and 9.82% when using the median value of the ten  
9 AUS Utility Reports natural gas distribution companies' result. In arriving at  
10 conclusions of indicated common equity cost rate for the proxy groups, I have  
11 relied upon the median of the results of the DCF. I utilize the median due to the  
12 wide range of DCF results as well as the currently extremely volatile capital  
13 market conditions. In my opinion, the median is a more accurate and reliable  
14 measure of central tendency, and provides recognition to all the DCF results.

15 In view of the foregoing, as shown on Schedule PMA-5 the indicated  
16 common equity cost rate based upon the application of the DCF model is  
17 10.90% for the seven AUS Utility Reports water companies and 9.82% for the  
18 ten AUS Utility Reports natural gas distribution companies.

19

20 **C. The Risk Premium Model (RPM)**

21 **Q. Please describe the theoretical basis of the RPM.**

22 A. Risk Premium theory indicates that the cost of common equity capital is greater  
23 than the prospective company-specific cost rate for long-term debt capital. In

1 other words, the cost of common equity equals the expected cost rate for long-  
2 term debt capital plus a risk premium to compensate common shareholders for  
3 the added risk of being unsecured and last-in-line for any claim on the  
4 corporation's assets and earnings.

5

6 **Q. Have you performed RPM analyses of common equity cost rate for the**  
7 **proxy groups?**

8 A. Yes. The results of my application of the RPM are summarized on page 1 of  
9 Schedule PMA- 9. The first step is to determine the expected bond yield.

10

11 **Q. Please explain the basis of the expected bond yields of 6.43% and 6.77%**  
12 **applicable to the average company in each proxy group, respectively.**

13 A. Because the cost of common equity is prospective, a prospective yield on  
14 similarly-rated long-term debt is essential. As shown on Schedule PMA-9, page  
15 2, although based upon only one water company, the average Moody's bond  
16 rating is A2 for the seven AUS Utility Reports water companies while the  
17 average Moody's bond rating is A3 for the ten AUS Utility Reports natural gas  
18 distribution companies. I relied upon a consensus forecast of about 50  
19 economists of the expected yield on Aaa rated corporate bonds for the six  
20 calendar quarters ending with the second calendar quarter of 2010 as derived  
21 from the January 1, 2009 Blue Chip Financial Forecasts (shown on page 7 of  
22 Schedule PMA-9). As shown on Line No. 1 of page 1 of Schedule PMA-9, the  
23 average expected yield on Moody's Aaa rated corporate bonds is 5.23%. It is



1 necessary to adjust that average yield to be equivalent to a Moody's A2 rated  
2 public utility bond. Consequently, an adjustment to the average prospective yield  
3 on Aaa rated corporate bonds of 1.20% was required. It is shown on Line No. 2,  
4 page 1 of Schedule PMA-9 and explained in Note 2 at the bottom of the page.  
5 After adjustment, the expected bond yield applicable to a Moody's A rated public  
6 utility bond is 6.43% as shown on Line No. 3, page 1 of Schedule PMA-9.

7 Because the proxy group of seven AUS Utility Reports water companies  
8 average Moody's bond rating is A2, no adjustment is necessary to make the  
9 prospective bond yield applicable to an A2 public utility bond. However,  
10 because the average Moody's bond rating of the proxy group of ten AUS Utility  
11 Reports natural gas distribution companies is A3, an adjustment of 34 basis  
12 points (0.34%) is necessary to make the prospective bond yield applicable to an  
13 A3 public utility bond. Therefore, the expected specific bond yields is 6.43% for  
14 the proxy group of water companies and 6.77% for the proxy group of gas  
15 distribution companies.

16  
17 **Q. Please explain the method utilized to estimate the equity risk premium.**

18 A. I evaluated the results of two different historical equity risk premium studies, as  
19 well as Value Line's forecasted total annual market return in excess of the  
20 prospective yield on high grade corporate bonds, as detailed on pages 5, 6 and 8  
21 of Schedule PMA-9. As shown on Line No. 3, page 5, the mean equity risk  
22 premium is 5.43% applicable to the proxy group of seven AUS Utility Reports  
23 water companies and 4.50% applicable to the proxy group of ten AUS Utility

1 Reports natural gas distribution companies. These estimates are the result of an  
2 average of a beta-derived historical equity risk premium exclusively as will be  
3 discussed subsequently as well as the mean historical equity risk premium  
4 applicable to public utilities with bonds rated A based upon holding period  
5 returns.

6 The basis of the beta-derived equity risk premia applicable to the proxy  
7 groups is shown on page 6 of Schedule PMA-9. The beta-determined equity risk  
8 premium should receive substantial weight because betas are derived from the  
9 market prices of common stocks over a recent five-year period. Beta is a  
10 meaningful measure of prospective relative risk to the market as a whole and is a  
11 logical means by which to allocate a relative share of the market's total equity  
12 risk premium.

13 The total market equity risk premium utilized is 6.20% and is based  
14 exclusively upon the long-term historical market risk premium after a review of  
15 both the long-term historical and forecasted market risk premia. Because it is my  
16 opinion that the current and recent substantial volatility in the stock market is  
17 extraordinary and not representative of the expected long-term, neither is the  
18 current forecasted market risk premium as shown on page 6 of Schedule PMA-9.  
19 To derive the historical market equity risk premium, I used the most recent  
20 Morningstar<sup>13</sup> data on holding period returns for the S&P 500 Composite Index  
21 and the average historical yield on Moody's Aaa and A rated corporate bonds for  
22 the period 1926-2007. The use of holding period returns over a very long period

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<sup>13</sup> Morningstar, Inc. acquired Ibbotson Associates in 2006.

1 of time is useful in the beta approach because it is consistent with the long-term  
2 investment horizon presumed by the DCF model.

3 Consequently, the long-term arithmetic mean total return rates on the  
4 market as a whole of 12.30% and the long-term arithmetic mean yield on  
5 corporate bonds of 6.10% were used, as shown at Line Nos. 1 and 2 of page 6 of  
6 Schedule PMA-9. As shown on Line No. 3 of page 6, the resultant long-term  
7 historical equity risk premium on the market as a whole is 6.20%.

8 I used arithmetic mean return rates and yields (income returns) because  
9 they are appropriate for cost of capital purposes as noted in the Ibbotson SBBI –  
10 2008 Valuation Yearbook.

11 The arithmetic mean provides insight into the variance and standard  
12 deviation of returns as it captures the prospect for variance in returns and equity  
13 risk premiums, thus providing the valuable insight needed by investors to  
14 estimate future risk when making a current investment. Absent such valuable  
15 insight into the potential variance of returns, investors cannot meaningfully  
16 evaluate prospective risk. If investors alternatively relied upon the geometric  
17 mean of ex-post spreads, they would have no insight into the potential variance  
18 of future returns because the geometric mean relates the change over many  
19 periods to a constant rate of change, thereby obviating the year-to-year  
20 fluctuations, or variance, *critical to risk analysis.*

21 The basis of the forecasted market equity risk premium can be found on  
22 Line Nos. 4 through 6 on page 6 of Schedule PMA-9. It is derived from an  
23 average of the most recent 3-month (using the months of October 2008 through

1 December 2008) and a recent spot (January 9, 2009) median market price  
2 appreciation potentials by Value Line as explained in detail in Note 1 on page 3  
3 of Schedule PMA-10. The average expected price appreciation is 249% which  
4 translates to 25.62% per annum and, when added to the average (similarly  
5 calculated) dividend yield of 3.30% equates to a forecasted annual total return  
6 rate on the market as a whole of 289.2%. Thus, this methodology is consistent  
7 with the use of the 3-month and spot dividend yields in my application of the  
8 DCF model. To derive the forecasted total market equity risk premium of  
9 23.69% shown on Schedule PMA-9, page 6, Line No. 6, the January 1, 2009  
10 forecast of about 50 economists of the expected yield on Moody's Aaa rated  
11 corporate bonds for the six calendar quarters ending with the second calendar  
12 quarter 2010 of 6.03% from Blue Chip Financial Forecasts was deducted from  
13 the Value Line total market return of 30.16%. The calculation resulted in an  
14 expected market risk premium of 23.69%.

15           However, because I believe the current and recent substantial volatility  
16 in the stock market is extraordinary and not representative of the expected long-  
17 term, in this instance, I will not rely upon the forecasted market equity risk  
18 premium but rather, will rely upon this historical long-term arithmetic market  
19 equity risk premium of 6.20%.

20           On page 9 of Schedule PMA-9, the most current Value Line betas for the  
21 companies in the proxy groups are shown. Applying the median beta of the  
22 proxy group, consistent with my reliance upon the median DCF results as  
23 previously discussed, to the market equity risk premium of 6.20% results in a

1 beta adjusted equity risk premium of 6.20% for the proxy group of seven AUS  
2 Utility Reports water companies and 4.34% for the proxy group of ten AUS  
3 Utility Reports natural gas distribution companies as shown on Schedule PMA-  
4 9, page 6, Line No. 9.

5 A mean equity risk premium of 4.65% applicable to companies with A  
6 rated public utility bonds was calculated based upon holding period returns from  
7 a study using public utilities, as shown on Line No. 2, page 5 of Schedule PMA-  
8 9, and detailed on page 8 of the same schedule.

9 The equity risk premia applicable to the proxy group of seven AUS  
10 Utility Reports water companies and ten AUS Utility Reports natural gas  
11 distribution companies are the averages of the beta-derived premia and that based  
12 upon the holding period returns of public utilities with A rated bonds, as  
13 summarized on Schedule PMA-9, page 5, i.e., 5.43% and 4.50%, respectively.

14

15 **Q. What are the indicated RPM common equity cost rates?**

16 A. They are 11.86% for the seven AUS Utility Reports water companies and  
17 11.27% for the ten AUS Utility Reports natural gas distribution companies as  
18 shown on Schedule PMA-9, page 1.

19

20 **D. The Capital Asset Pricing Model (CAPM)**

21 **Q. Please explain the theoretical basis of the CAPM.**

22 A. CAPM theory defines risk as the covariability of a security's returns with the  
23 market's returns. This covariability is measured by beta (" $\beta$ "), an index measure

1 of an individual security's variability relative to the market. A beta less than 1.0  
2 indicates lower variability while a beta greater than 1.0 indicates greater  
3 variability than the market.

4 The CAPM assumes that all other risk, i.e., all non-market or  
5 unsystematic risk, can be eliminated through diversification. The risk that cannot  
6 be eliminated through diversification is called market, or systematic, risk. The  
7 CAPM presumes that investors require compensation for risks that cannot be  
8 eliminated through diversification. Systematic risks are caused by  
9 macroeconomic and other events that affect the returns on all assets. Essentially,  
10 the model is applied by adding a risk-free rate of return to a market risk premium.  
11 This market risk premium is adjusted proportionately to reflect the systematic  
12 risk of the individual security relative to the market as measured by beta. The  
13 traditional CAPM model is expressed as:

14 
$$R_s = R_f + \beta(R_m - R_f)$$
  
15  
16 Where:  $R_s$  = Return rate on the common stock  
17  
18  $R_f$  = Risk-free rate of return  
19  
20  $R_m$  = Return rate on the market as a whole  
21  
22  $\beta$  = Adjusted beta (volatility of the security  
23 relative to the market as a whole)  
24

25 Numerous tests of the CAPM have confirmed its validity. These tests  
26 have measured the extent to which security returns and betas are related as  
27 predicted by the CAPM. However, Morin observes that while the results support  
28 the notion that beta is related to security returns, it has been determined that the

1 empirical Security Market Line (SML) described by the CAPM formula is not as  
2 steeply sloped as the predicted SML. Morin<sup>14</sup> states:

3 With few exceptions, the empirical studies agree that ... low-  
4 beta securities earn returns somewhat higher than the CAPM  
5 would predict, and high-beta securities earn less than predicted.

6 \* \* \*

7  
8  
9 Therefore, the empirical evidence suggests that the expected  
10 return on a security is related to its risk by the following  
11 approximation:

12  
13 
$$K = R_F + x \beta(R_M - R_F) + (1-x) \beta(R_M - R_F)$$

14  
15 where x is a fraction to be determined empirically. The value of  
16 x that best explains the observed relationship  $\text{Return} = 0.0829 +$   
17  $0.0520 \beta$  is between 0.25 and 0.30. If x = 0.25, the equation  
18 becomes:

19  
20 
$$K = R_F + 0.25(R_M - R_F) + 0.75 \beta(R_M - R_F)$$
<sup>15</sup>

21  
22 In view of theory and practical research, I have applied both the  
23 traditional CAPM and the empirical CAPM to the companies in the proxy group  
24 and averaged the results.

25  
26 **Q. Please describe your selection of a risk-free rate of return.**

27 A. As shown at the top of column 3 on page 2 of Schedule PMA-10, the risk-free  
28 rate adopted for both applications of the CAPM is 4.29%. It is based upon the  
29 average consensus forecast of the reporting economists in the January 1, 2008  
30 Blue Chip Financial Forecasts as shown in Note 2, page 3, of the expected yields

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<sup>14</sup> Morin 175.

<sup>15</sup> Morin 190.

1 on 30-year U.S. Treasury bonds for the six quarters ending with the second  
2 calendar quarter 2010 averaged with the long-term historical arithmetic mean  
3 income return on long-term U.S. Government Securities, 5.20% as derived in  
4 Note 2 on page 3 of Schedule PMA-10.

5  
6 **Q. Why is the prospective yield on long-term U.S. Treasury Bonds appropriate**  
7 **for use as the risk-free rate?**

8 A. The yield on long-term T-Bonds is almost risk-free and its term is consistent with  
9 the long-term cost of capital to public utilities measured by the yields on A rated  
10 public utility bonds, and is consistent with the long-term investment horizon  
11 inherent in utilities' common stocks. Therefore, it is consistent with the long-  
12 term investment horizon presumed in the standard DCF model employed in  
13 regulatory ratemaking.

14 Hence, the average expected yield on 30-year Treasury Bonds is the  
15 appropriate proxy for the risk-free rate in the CAPM because it is less volatile  
16 than yields on Treasury Bills, is almost risk-free and is consistent with the long-  
17 term investment horizon implicit in common stocks.

18 However, in this proceeding I will average the average consensus  
19 forecast of the expected yield on 30-year U.S. Treasury bonds of 3.38% with the  
20 long-term historical arithmetic mean income return on long-term U.S.  
21 Government Securities of 5.20%, or 4.29% as derived in Note 2 on page 3 of  
22 Schedule PMA-10. Typically I would rely exclusively upon the consumer  
23 forecast of the yield on 30-year U.S. Treasury bonds as ratemaking and the cost



1 of capital are both prospective in nature. However, these are not typical times for  
2 the U.S. Treasury securities market. Barron's reported on January 5, 2009<sup>16</sup>  
3 yields on U.S. Treasuries "have plunged to some of the lowest levels since the  
4 1940s as investors, fearful of a sustained economic downturn and potential  
5 deflation have rushed to purchase government-issued debt." In addition,  
6 Barron's quoted Jim Paulsen, chief investment strategist at Wells Capital  
7 Management in Minneapolis: "The only part of the bond market that you need to  
8 be bearish on is Treasuries. The other sectors are attractively priced." Also  
9 Barron's quotes David Rosenberg of Merrill Lynch who notes that "the current  
10 recession resembles the vicious downturns prior to World War II more than the  
11 mild downturns since. The credit crisis are what Rosenberg calls "imploding"  
12 household net worth in the U.S. are apt to make it linger through 2009, when the  
13 economy could contract 3% in real terms, and perhaps in 2010.

14 The January 1, 2009 Blue Chip Financial Forecast notes on page 1 that:

15 With effective adoption of a zero interest rate policy (ZIRP)  
16 and quantitative easing, the Fed has put a gun to the head of  
17 investors in an attempt to frog-march them out the yield and  
18 credit-risk curve. The Fed's pledge to keep the funds rate near  
19 zero for an extended period is intended, via the carry track, to  
20 exert downward pressure on Treasury notes and bond yields  
21 and flatten the yield curve. The 30-year Treasury yield already  
22 has dropped to its lowest level since issuance began in the mid-  
23 1970s.

24 \* \* \*

25  
26 The recession will last through at least the first half of 2009  
27 followed by a tepid recovery in the second half.

28 \* \* \*

29  
30

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<sup>16</sup> [http://online.barrons.com/article\\_print/SB123094029415750267.html?mod=googlenews\\_ba....](http://online.barrons.com/article_print/SB123094029415750267.html?mod=googlenews_ba....) 1/5/2009.

1 About 60% of our panelists believe the FOMC will refrain  
2 from raising interest rates prior to the end of 2009.  
3 Nonetheless, exactly the same percentage thinks the treasury  
4 market is experiencing a bubble.  
5

6 The depth of the current economic crisis remains uncertain, with any  
7 rebound, however slight, is not expected to begin until the second half of 2009 at  
8 the earliest. In addition, it is clear that the recent low level of long-term U.S.  
9 Treasury yields is unprecedented. In my opinion, the average consensus forecast  
10 of the expected yield on 30-year U.S. Treasury bonds is also unprecedented as  
11 evidenced by Blue Chip consensus forecasted yield on 30-year U.S. Treasury  
12 bonds for the first quarter 2009 is 2.9% as shown on page 7 of Schedule PMA-9  
13 rising to 4.0%, or approximately 38%, by the second quarter 2010.

14 In view of the foregoing, in the instant proceeding, I will average the  
15 consensus forecasted yield 30-year U.S. Treasury securities of 3.38% with the  
16 long-term arithmetic mean income return on long-term U.S. Treasury securities  
17 of 5.2% as derived in Note 2 on Schedule PMA-10, or 4.29%.

18

19 **Q. Please explain the estimation of the expected equity risk premium for the**  
20 **market.**

21 A. After estimating the investors' expected total return rate for the market, I subtract  
22 the expected risk-free rate to arrive at an expected equity risk premium for the  
23 market, some proportion of which must be allocated to the companies in the  
24 proxy group through the use of beta. As a measure of risk relative to the market  
25 as a whole, beta is an appropriate means by which to apportion the market risk

1 premium to a specific company or group. The total market equity risk premium  
2 utilized was 7.1% and, in this instance, is based upon the long-term historical  
3 market risk premia because, in my opinion, the current and recent substantial  
4 volatility in the stock market is extraordinary and not representative of the  
5 expected long-term.

6 The basis of the projected median market equity risk premium is  
7 explained in detail in Note 1 on page 3 of Schedule PMA-10. As previously  
8 discussed, it is derived from an average of the most recent 3-month (using the  
9 months of October 2008 through December 2008) and a recent spot (January 2,  
10 2009) 3 - 5 year median total market price appreciation projections from Value  
11 Line, and the long-term historical average from Morningstar. The appreciation  
12 projections by Value Line plus average dividend yield equate to a forecasted  
13 annual total return rate on the market of 28.92%. The long-term historical return  
14 rate of 12.30% on the market as a whole is from the Ibbotson SBBI – 2008  
15 Valuation Yearbook. In each instance, the relevant risk-free rate was deducted  
16 from the total market return rate. For example, from the Value Line projected  
17 total market return of 28.92%, the forecasted average risk-free rate of 3.38% was  
18 deducted indicating a forecasted market risk premium of 25.54%. From the  
19 Ibbotson Associates' long-term historical total return rate of 12.30%, the long-  
20 term historical income return rate on long-term U.S. Government Securities of  
21 5.20% was deducted indicating an historical equity risk premium of 7.10%.  
22 Thus, the average of the projected and historical total market risk premia of  
23 25.54% and 7.10%, respectively, is 16.32%. However, as stated previously, I

1 will rely upon the historical market equity risk premium of 7.10%.

2  
3 **Q. What are the results of your application of the traditional and empirical**  
4 **CAPM to the proxy group?**

5 A. As shown on Schedule PMA-10, Line No. 1 of page 1, the traditional CAPM  
6 cost rate is 11.39% for the proxy group of seven AUS Utility Reports water  
7 companies and 9.26% for the proxy group of ten AUS Utility Reports natural gas  
8 distribution companies. And, as shown on Line No. 2 of page 1, the empirical  
9 CAPM cost rate is 11.39% for the seven AUS Utility Reports water companies  
10 and 9.79% for the ten gas distribution companies. The traditional and empirical  
11 CAPM cost rates are shown individually by company on page 2 of Schedule  
12 PMA-10. As with the DCF results discussed previously, and for the same  
13 reasons, namely the wide range of results and the current extremely volatile  
14 capital markets, I rely upon the median results of the traditional CAPM and  
15 ECAPM for the proxy group. As shown on Line No. 3 on page 1, the CAPM  
16 cost rate applicable to the proxy group of seven AUS Utility Reports water  
17 companies is 11.39%, while the CAPM cost rate applicable to the proxy group of  
18 ten AUS Utility Reports natural gas distribution companies is 9.53% based upon  
19 the traditional and empirical CAPM.

20  
21 **E. Comparable Earnings Model (CEM)**

22 **Q. Please describe your application of the comparable earnings model and how**  
23 **it is used to determine common equity cost rate.**

1           A. My application of the CEM is summarized on Schedule PMA-11 which consists  
2           of thirteen pages. Pages 1 through 6 show the CEM results for the proxy group  
3           of seven AUS Utility Reports water companies and page 7 shows the CEM  
4           results for the proxy group of ten AUS Utility Reports natural gas distribution  
5           companies. Supporting data are shown on pages 8 through 12 and page 13  
6           contains notes related to pages 1 through 12.

7                       The comparable earnings approach is derived from the "corresponding  
8           risk" standard of the landmark cases of the U.S. Supreme Court. Therefore, it is  
9           consistent with the Hope doctrine that the return to the equity investor should be  
10          commensurate with returns on investments in other firms having corresponding  
11          risks.

12                      The CEM is based upon the fundamental economic concept of  
13          opportunity cost which maintains that the true cost of an investment is equal to  
14          the cost of the best available alternative use of the funds to be invested. The  
15          opportunity cost principle is also consistent with one of the fundamental  
16          principles upon which regulation rests: that regulation is intended to act as a  
17          surrogate for competition and to provide a fair rate of return to investors.

18                      The CEM is designed to measure the returns expected to be earned on  
19          the book common equity, in this case net worth, of similar risk enterprises. Thus,  
20          it provides a direct measure of return, since it translates into practice the  
21          competitive principle upon which regulation rests. In my opinion, it is  
22          inappropriate to use the achieved returns of regulated utilities of similar risk  
23          because to do so would be circular as achieved returns are a function of

1 authorized ROEs and inconsistent with the principle of equality of risk with non-  
2 price regulated firms.

3 The difficulty in application of the CEM is to select a proxy group of  
4 companies which are similar in risk, but are not price regulated utilities.  
5 Consequently, the first step in determining a cost of common equity using the  
6 comparable earnings model is to choose an appropriate proxy group or groups of  
7 non-price regulated firms. The proxy group(s) should be broad-based in order to  
8 obviate any company-specific aberrations. As stated previously, utilities need to  
9 be eliminated to avoid circularity since the returns on book common equity of  
10 utilities are substantially influenced by regulatory awards and are therefore not  
11 representative of the returns that could be earned in a truly competitive market.

12  
13 **Q. Please describe your application of the CEM.**

14 A. My application of the CEM is market-based in that the selection of non-price  
15 regulated firms of comparable risk is based upon statistics derived from the  
16 market prices paid by investors.

17 I have chosen two proxy groups of domestic, non-price regulated firms  
18 to reflect both the systematic and unsystematic risks of the proxy groups of seven  
19 AUS Utility Reports water companies and ten AUS Utility Reports natural gas  
20 distribution companies, respectively. The proxy group of two hundred non-  
21 utility companies similar in risk to the proxy group of seven AUS Utility Reports  
22 water companies and thirty-five non-utility companies similar in risk to the proxy  
23 group of ten AUS Utility Reports natural gas distribution companies are listed on

1 pages 1 through 7, Schedule PMA-11. The criteria used in the selection of these  
2 proxy companies were that they be domestic non-utility companies and have a  
3 meaningful rate of return on net worth, common equity or partners' capital  
4 reported in Value Line (Std. Ed.) for each of the five years ended 2007, or  
5 projected for 2011-2013. Value Line betas were used as a measure of systematic  
6 risk. The standard error of the regression was used as a measure of each firm's  
7 unsystematic or specific risk. The standard error of the regression reflects the  
8 extent to which events specific to a company's operations will affect its stock  
9 price and, therefore, is a measure of diversifiable, unsystematic, company-  
10 specific risk. *In essence, companies which have similar betas and standard*  
11 *errors of the regressions, have similar investment risk, i.e., the sum of systematic*  
12 *(market) risk as reflected by beta and unsystematic (business and financial) risk,*  
13 *as reflected by the standard error of the regression, respectively. Those statistics*  
14 *are derived from regression analyses using market prices which, under the EMH*  
15 *reflect all relevant risks. The application of these criteria results in proxy*  
16 *groups of non-price regulated firms similar in risk to the average company in*  
17 *each proxy group.*

18 Using a Value Line, Inc. proprietary database dated September 15, 2008,  
19 proxy groups of two hundred and thirty-five, respectively, non-price regulated  
20 companies were chosen based upon ranges of unadjusted beta and standard error  
21 of the regression. The ranges were based upon the average standard deviations of  
22 the unadjusted beta and the average standard error of the regression for the proxy  
23 group of seven AUS Utility Reports water companies and the proxy group of ten

1           AUS Utility Reports natural gas distribution companies as explained in Notes 1  
2           and 9 on page 13 of Schedule PMA-11.

3                       Once proxy groups of non-price regulated companies are selected, it is  
4           then necessary to derive returns on book common equity, net worth or partners'  
5           capital for the companies in the group. I have measured these returns using the  
6           rate of return on net worth, common equity or partners' capital reported by Value  
7           Line (Standard Edition). It is reasonable to measure these returns over the most  
8           recent historical five-year period and/or those projected over the ensuing five-  
9           year period, consistent with the use of five-year historical and/or projected  
10          growth rates in the DCF model.

11

12          **Q. What are your conclusions of CEM cost rate?**

13          A. My conclusions of CEM cost rate based upon the average of the median of all of  
14          the five-year median historical and projected returns on book common equity, net  
15          worth or partners' capital is 13.55% for the proxy group of seven AUS Utility  
16          Reports water companies as shown on page 6 of Schedule PMA-11. For reasons  
17          discussed previously relative to my reliance upon forecasted EPS growth rates in  
18          my DCF for the proxy group of ten AUS Utility Reports natural gas distribution  
19          companies, in my CEM analysis for the proxy group of ten AUS Utility Reports  
20          natural gas distribution companies, I rely only upon the projected ROEs.  
21          Therefore, based upon the average of the median of all of the five-year median  
22          projected results on book common equity, net worth or partners' capital is  
23          17.00% as shown on page 7.



1                   As with the DCF and CAPM results discussed previously, I have again  
2                   relied upon median and for the same reasons, namely, the wide range of returns  
3                   and the extreme volatility of the current capital markets. After I apply a test of  
4                   significance (Student's t-statistic) to determine whether any of the projected  
5                   returns are significantly different from their respective means at the 95%  
6                   confidence level, the projected means of several companies have been excluded.  
7                   After excluding these outliers, my conclusion of CEM cost rate is 13.41% for the  
8                   six water companies and 16.50% for the ten gas distribution companies.

9  
10                   **IX. CONCLUSION OF COMMON EQUITY COST RATE RANGE**

11                   **Q. What is your range of recommended common equity cost rate?**

12                   A. It is 11.60%-12.10% based upon the common equity cost rates resulting from all  
13                   four cost of common equity models consistent with the EMH which logically  
14                   mandates the use of multiple cost of common equity models as adjusted for  
15                   WSCK greater business risk due to its smaller relative size.

16                   In formulating my recommended range of common equity cost rate of  
17                   11.60%-12.10% viewed the results of the application of four different cost of  
18                   common equity models, namely, the DCF, RPM, CAPM, and CEM for the two  
19                   proxy groups. I employ all four cost of common equity models as primary tools  
20                   in arriving at my recommended common equity cost rate because no single  
21                   model is so inherently precise that it can be relied upon solely, to the exclusion of  
22                   other theoretically sound models. As discussed above, all four models are based  
23                   upon the Efficient Market Hypothesis (EMH), and therefore, have application

1 problems associated with them. The EMH, as also previously discussed, requires  
 2 the assumption that investors rely upon multiple cost of common equity models.  
 3 Moreover, as demonstrated in this testimony, the prudence of using multiple cost  
 4 of common equity models is supported in the financial literature. Therefore,  
 5 none should be relied upon exclusively to estimate investors' required rate of  
 6 return on common equity.

7 The results of the four cost of common equity models applied to the  
 8 proxy groups of seven AUS Utility Reports water companies and the proxy group  
 9 of ten AUS Utility Reports natural gas distribution companies are shown on  
 10 Schedule PMA- 1, page 2 and summarized below:

11 Table 4

	Proxy Group of Seven AUS Utility Reports Water Companies	Proxy Group of Ten AUS Utility Rpts. Gas Distribution Companies
12	Discounted Cash Flow Model	10.90%
13	Risk Premium Model	11.86
14	Capital Asset Pricing Model	11.39
15	Comparable Earnings Model	13.41
16		
17		
18		
19		
20		
21		
22		
23	Indicated Range of Common Equity Cost Rate Before Financial and Business Risk Adjustment	11.75
24		11.25
25		
26	Business Risk Adjustment	<u>0.35</u>
27		<u>0.35</u>
28		
29	Indicated Range of Common Equity Cost Rate after Adjustment for Business Risk	<u>12.10%</u>
30		<u>11.60%</u>
31		
32		
33	Recommended Common Equity Cost Rate	<u>11.85%</u>

34 Based upon these common equity cost rate results, I conclude that a  
 35  
 36  
 37 range of common equity cost rates of 11.25% to 11.75% is indicated based upon

1 the use of multiple common equity cost rate models applied to the market data of  
2 the two proxy groups and before any of the adjustments previously discussed as  
3 shown on Line No. 5, page 2 of Schedule PMA-1. However, the range of  
4 common equity cost rates of 11.25% to 11.75% are applicable to the much  
5 larger, less business risky, proxy groups.

6  
7 **Q. Is there a way to quantify a business risk adjustment due to WSCK's small**  
8 **size relative to the proxy group?**

9 A. Yes. As discussed previously, WSCK has greater business risk than the average  
10 proxy group company because of its smaller size relative to the proxy group,  
11 whether measured by book capitalization or the market capitalization of common  
12 equity (estimated market value for WSCK, whose common stock is not traded).  
13 Therefore, it is necessary to upwardly adjust the common equity cost rate range  
14 of 11.25% and 11.75% based upon the two proxy groups. Based upon WSCK's  
15 size, an adjustment of 3.62% (362 basis points) is necessary to reflect its size  
16 relative to the market-based common equity cost rates of the seven AUS Utility  
17 Reports water companies and an adjustment of 4.32% (432 basis points) is  
18 necessary to reflect its size relative to the ten AUS Utility Reports natural gas  
19 distribution companies. These adjustments are based upon data contained in the  
20 Ibbotson SBBI – 2008 Valuation Yearbook. The determinations are based on the  
21 size premia for decile portfolios of New York Stock Exchange (NYSE),  
22 American Stock Exchange (AMEX) and NASDAQ listed companies for the  
23 1926-2007 period and related data shown on pages 3 through 17 of Schedule

1 PMA- PMA-1. The average size premium for the decile in which each proxy  
2 group falls has been compared to the average size premium for the 10<sup>th</sup> decile in  
3 which WSCK would fall if its stock were traded and sold at the January 2, 2009  
4 average market/book ratio of 197.5% and 193.1% experienced by each proxy  
5 group, respectively. As shown on page 3 of Schedule PMA- 1, the size premium  
6 spread between WSCK and the seven AUS Utility Reports water companies is  
7 3.62% and between WSCK and the ten AUS Utility Reports natural gas  
8 distribution companies is 4.32%. Page 4 contains data in support of page 3 while  
9 pages 5 through 17 of Schedule PMA-1 contain relevant information from the  
10 Ibbotson SBBI – 2008 Valuation Yearbook discussed previously.

11 Consequently, a business risk adjustment of 3.62% is indicated based  
12 upon the seven AUS Utility Reports water companies and 4.32% is indicated  
13 based upon the ten AUS Utility Reports natural gas distribution companies.  
14 However, I will make conservatively reasonable business risk adjustments of  
15 0.35% (35 basis points) as shown on Line No. 6 on page 2 of Schedule PMA-1 to  
16 the indicated common equity cost rate range of 11.25% to 11.75%. This results  
17 in an indicated business risk adjusted common equity cost rate range of 11.60%  
18 to 12.10% (with a midpoint of 11.85%) as shown on Line No. 7, which is my  
19 recommended common equity cost rate range.

20 A common equity cost rate range of 11.60%-12.10%, when applied to  
21 the Company's requested common equity ratio of 53.03% estimated at June 30,  
22 2008 results in a range of overall rate of return of 9.24%-9.51% which, in my  
23 opinion, is both reasonable and conservative and will provide WSCK with

1                   sufficient earnings to enable it to attract necessary new capital.

2

3           **Q. Does that conclude your direct testimony?**

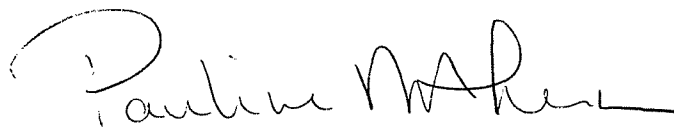
4           **A. Yes.**

AFFIDAVIT

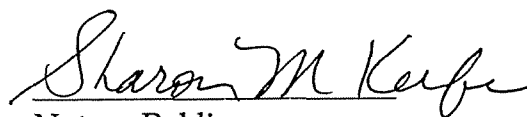
STATE OF NEW JERSEY

COUNTY OF BURLINGTON

Affiant, Pauline M. Ahern, after being first sworn, deposes and says that he (she) is authorized to submit this testimony on behalf of Water Service Corporation of Kentucky, and that the information contained in the testimony is true and accurate to the best of his (her) knowledge, information and belief, after a reasonable inquiry, and as to those matters that are based on information provided to him (her), he (she) believes to be true and correct.

  
\_\_\_\_\_  
(Name)

This instrument was produced, signed, acknowledged and declared by Pauline M. Ahern to be her act and deed the 23<sup>rd</sup> day of January, 2009.

  
\_\_\_\_\_  
Notary Public

My Commission expires: \_\_\_\_\_  
**SHARON M. KEEFE**  
**NOTARY PUBLIC OF NEW JERSEY**  
**MY COMMISSION EXPIRES JULY 9, 2011**

APPENDIX A

PROFESSIONAL QUALIFICATIONS

OF

PAULINE M. AHERN, CRRA  
PRINCIPAL

AUS CONSULTANTS

**PROFESSIONAL QUALIFICATIONS  
OF  
PAULINE M. AHERN, CRRA  
PRINCIPAL  
AUS CONSULTANTS**

PROFESSIONAL EXPERIENCE

1994-Present

After being a Vice President of AUS Consultants from 1992-2006, I became a Principal in 2006, continuing to offer testimony as an expert witness on the subjects of fair rate of return and cost of capital before state public utility commissions. I provide assistance and support to clients throughout the entire ratemaking litigation process.

As the Publisher of AUS Utility Reports (formerly C. A. Turner Utility Reports), I am responsible for the production, publishing, and distribution of the reports. AUS Utility Reports provides financial data and related ratios for about 125 public utilities, i.e., electric, combination gas and electric, natural gas distribution, natural gas transmission, telephone, and water utilities, on a monthly, quarterly and annual basis. Among the subscribers of AUS Utility Reports are utilities, many state regulatory commissions, federal agencies, individuals, brokerage firms, attorneys, as well as public and academic libraries. The publication has continuously provided financial statistics on the utility industry since 1930.

Also, as the Publisher of AUS Utility Reports, I supervise the production, publishing, and distribution of the AGA Rate Service publications under license from the American Gas Association. I am also responsible for maintaining and calculating the performance of the AGA Index, a market capitalization weighted index of the common stocks of the approximately 70 corporate members of the AGA. In addition, I supervise the production of a quarterly survey of investor-owned water company rate case activity on behalf of the National Association of Water Companies.

As an Assistant Vice President from 1994 - 1996, I prepared fair rate of return and cost of capital exhibits which are filed along with expert testimony before various state and federal public utility regulatory bodies. These supporting exhibits include the determination of an appropriate ratemaking capital structure and the development of embedded cost rates of senior capital. The exhibits also support the determination of a recommended return on common equity through the use of various market models, such as, but not limited to, Discounted Cash Flow analysis, Capital Asset Pricing Model and Risk Premium Methodology, as well as an assessment of the risk characteristics of the client utility. I also assisted in the preparation of responses to any interrogatories received regarding such testimonies filed on behalf of client utilities. Following the filing of fair rate of return testimonies, I assisted in the evaluation of opposition testimony in order to prepare interrogatory questions, areas of cross-examination, and rebuttal testimony. I also evaluated and assisted in the preparation of briefs and exceptions following the hearing process. I have submitted testimony before state public utility commissions regarding appropriate capital structure ratios and fixed capital cost rates.

1990-1994

As a Senior Financial Analyst, I supervised two analysts in the preparation of fair rate of return and cost of capital exhibits which are filed along with expert testimony before various state and federal public utility regulatory bodies. The team also assisted in the preparation of interrogatory responses.

I evaluated the final orders and decisions of various commissions to determine whether further actions are warranted and to gain insight which may assist in the preparation of future rate of return studies.

I assisted in the preparation of an article authored by Frank J. Hanley and A. Gerald Harris entitled "Does Diversification Increase the Cost of Equity Capital?" published in the July 15, 1991 issue of Public Utilities Fortnightly.



I have sponsored testimony on the rate of return and capital structure effects of merger and acquisition issues for:

California-American Water Company

New Jersey-American Water Company

I have sponsored testimony on fair rate of return and related issues for:

Alpena Power Company  
Applied Wastewater Management, Inc.  
Aqua Illinois, Inc.  
Aqua New Jersey, Inc.  
Aqua Virginia, Inc.  
Artesian Water Company  
The Atlantic City Sewerage Company  
Audubon Water Company  
The Borough of Hanover, PA  
Carolina Pines Utilities, Inc.  
Carolina Water Service, Inc. of NC  
Carolina Water Service, Inc. of SC  
The Columbia Water Company  
Consumers Illinois Water Company  
Consumers Maine Water Company  
Consumers New Jersey Water Company  
City of DuBois, Pennsylvania  
Elizabethtown Water Company  
Emporium Water Company  
GTE Hawaiian Telephone Inc.  
Greenridge Utilities, Inc.  
Illinois American Water Company  
Iowa American Water Company  
Land'Or Utility Company  
Long Neck Water Company  
Louisiana Water Service, Inc.  
Massanutten Public Service Company  
Middlesex Water Company  
Missouri-American Water Company  
Mt. Holly Water Company  
Nero Utility Services, Inc.  
New Jersey-American Water Company  
The Newtown Artesian Water Company  
NRG Energy Center Pittsburgh LLC  
NRG Energy Center Harrisburg LLC  
Ohio-American Water Company  
Penn Estates Utilities  
Pinelands Water Company

Pinelands Waste Water Company  
Pittsburgh Thermal  
Southland Utilities, Inc.  
Spring Creek Utilities, Inc.  
Sussex Shores Water Company  
Tega Cay Water Service, Inc.  
Total Environmental Services, Inc. --  
Treasure Lake Water & Sewer Divisions  
Thames Water Americas  
Tidewater Utilities, Inc.  
Transylvania Utilities, Inc.  
Twin Lakes Utilities, Inc.  
United Utility Companies  
United Water Arkansas, Inc.  
United Water Arlington Hills Sewerage, Inc.  
United Water Connecticut, Inc.  
United Water Delaware, Inc.  
United Water Idaho, Inc.  
United Water Indiana, Inc.  
United Water New Jersey, Inc.  
United Water New Rochelle, Inc.  
United Water New York, Inc.  
United Water Owego / Nichols, Inc.  
United Water Pennsylvania, Inc.  
United Water South County, Inc.  
United Water Toms River, Inc.  
United Water Virginia, Inc.  
United Water West Lafayette, Inc.  
United Water West Milford, Inc.  
Utilities, Inc.  
Utilities Inc. of Central Nevada  
Utilities, Inc. of Florida  
Utilities Services of South Carolina  
Utility Center, Inc.  
Valley Energy, Inc.  
Water Services Corp. of Kentucky  
Wellsboro Electric Company  
Western Utilities, Inc.

I have sponsored testimony on capital structure and senior capital cost rates for the following clients:

Alpena Power Company  
Arkansas-Western Gas Company  
Associated Natural Gas Company  
PG Energy Inc.

United Water Delaware, Inc.  
Washington Natural Gas Company

I have assisted in the preparation of rate of return studies on behalf of the following clients:

Algonquin Gas Transmission Company  
Anadarko Petroleum Corporation

Arkansas-Louisiana Gas Company  
Arkansas Western Gas Company

Rate of Return Study Clients (Continued)

Artesian Water Company  
Associated Natural Gas Company  
Atlantic City Electric Company  
Bridgeport-Hydraulic Company  
Cambridge Electric Light Company  
Carolina Power & Light Company  
Citizens Gas and Coke Utility  
City of Vernon, CA  
Columbia Gas/Gulf Transmission Cos.  
Commonwealth Electric Company  
Commonwealth Telephone Company  
Conestoga Telephone & Telegraph Co.  
Connecticut Natural Gas Corporation  
Consolidated Gas Transmission Company  
Consumers Power Company  
CWS Systems, Inc.  
Delmarva Power & Light Company  
East Honolulu Community Services, Inc.  
Equitable Gas Company  
Equitrans, Inc.  
Florida Power & Light Company  
Gary Hobart Water Company  
Gasco, Inc.  
GTE Arkansas, Inc.  
GTE California, Inc.  
GTE Florida, Inc.  
GTE Hawaiian Telephone  
GTE North, Inc.  
GTE Northwest, Inc.  
GTE Southwest, Inc.  
Great Lakes Gas Transmission L.P.  
Hawaiian Electric Company  
Hawaiian Electric Light Company  
IES Utilities Inc.  
Illinois Power Company  
Interstate Power Company  
Interstate Power & Light Co.  
Iowa Electric Light and Power Company  
Iowa Southern Utilities Company  
Kentucky-West Virginia Gas Company  
Lockhart Power Company  
Middlesex Water Company  
Milwaukee Metropolitan Sewer District  
Mountaineer Gas Company

National Fuel Gas Distribution Corp.  
National Fuel Gas Supply Corp.  
Newco Waste Systems of NJ, Inc.  
New Jersey Natural Gas Company  
New Jersey-American Water Company  
New York-American Water Company  
North Carolina Natural Gas Corp.  
Northumbrian Water Company  
Ohio-American Water Company  
Oklahoma Natural Gas Company  
Orange and Rockland Utilities  
Paiute Pipeline Company  
PECO Energy Company  
Penn-York Energy Corporation  
Pennsylvania-American Water Co.  
PG Energy Inc.  
Philadelphia Electric Company  
Providence Gas Company  
South Carolina Pipeline Company  
Southwest Gas Corporation  
Stamford Water Company  
Tesoro Alaska Petroleum Company  
Tesoro Refining & Marketing Co.  
United Telephone of New Jersey  
United Utility Companies  
United Water Arkansas, Inc.  
United Water Delaware, Inc.  
United Water Idaho, Inc.  
United Water Indiana, Inc.  
United Water New Jersey, Inc.  
United Water New York, Inc.  
United Water Pennsylvania, Inc.  
United Water Virginia, Inc.  
United Water West Lafayette, Inc.  
Vista-United Telecommunications Corp.  
Washington Gas Light Company  
Washington Natural Gas Company  
Washington Water Power Corporation  
Waste Management of New Jersey –  
Transfer Station A  
Wellsboro Electric Company  
Western Reserve Telephone Company  
Western Utilities, Inc.  
Wisconsin Power and Light Company

EDUCATION:

1973 – Clark University – B.A. – Honors in Economics  
1991 – Rutgers University – M.B.A. – High Honors

PROFESSIONAL AFFILIATIONS:

American Finance Association

Financial Management Association

Society of Utility and Regulatory Financial Analysts

President – 2006-2008 and 2008-2010

Secretary/Treasurer – 2004-2006

Energy Association of Pennsylvania

National Association of Water Companies – Member of the Finance Committee

SPEAKING ENGAGEMENT:

AWWA Pre-Conference Workshop – Water Utility Ratemaking – March 25, 2008, Atlantic City, NJ

Topic: “Water Utility Financing” Where Does All That Cash Come From?”

BEFORE THE  
KENTUCKY PUBLIC SERVICE COMMISSION

EXHIBIT  
TO ACCOMPANY THE  
PREPARED DIRECT TESTIMONY

OF  
PAULINE M. AHERN, CRRA  
PRINCIPAL  
AUS CONSULTANTS

ON BEHALF OF  
WATER SERVICE CORPORATION OF KENTUCKY

JANUARY 2009

**Water Service Corporation of Kentucky**  
**Table of Contents**  
**to the Financial Supporting Exhibit**  
**of Pauline M. Ahern**

	<b><u>Schedule</u></b>
Summary of Cost of Capital and Fair Rate of Return	PMA-1
Standard & Poor's Public Utility Rating Methodology Profile and Revised Public Utility Financial Benchmark Ratio 'Targets'	PMA-2
Financial Profile of the Proxy Group of Seven AUS Utility Reports Water Companies	PMA-3
Financial Profile of the Proxy Group of Ten AUS Natural Gas Distribution Companies	PMA-4
Indicated Common Equity Cost Rate Using the Discounted Cash Flow Model	PMA-5
Derivation of Dividend Yield for Use in the Discounted Cash Flow Model	PMA-6
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Historical and Projected Growth for Use in the Discounted Cash Flow Model	PMA-8
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Indicated Common Equity Cost Rate Using the Comparable Earnings Model	PMA-11

Water Service Corporation of Kentucky  
Summary of Cost of Capital and Fair Rate of Return  
Based on the Actual Consolidated Capital Structure of Utilities, Inc. at June 30, 2008

<u>Type of Capital</u>	<u>Ratios (1)</u>	<u>Cost Rate</u>			<u>Weighted Cost Rate</u>		
Debt	46.97%	6.58% (1)			3.09%		
Common Equity	53.03%	11.60% (2)	--	12.10% (2)	6.15%	--	6.42%
Total	<u>100.00%</u>				<u>9.24%</u>	--	<u>9.51%</u>

(1) Company provided.

(2) Based upon informed judgment from the entire study, the principal results of which are summarized on page 2 of this Schedule.

Water Service Corporation of Kentucky  
Brief Summary of Common Equity Cost Rate

<u>No.</u>	<u>Principal Methods</u>	<u>Proxy Group of Seven AUS Utility Reports Water Companies</u>	<u>Proxy Group of Ten AUS Utility Reports Gas Distribution Companies</u>
1.	Discounted Cash Flow Model (DCF) (1)	10.90 %	9.82 %
2.	Risk Premium Model (RPM) (2)	11.86	11.27
3.	Capital Asset Pricing Model (CAPM) (3)	11.39	9.53
4.	Comparable Earnings Model (CEM) (4)	13.41	16.50
5.	Indicated Range of Common Equity Cost Rate before Adjustment for Business Risk	11.75 %	11.25 %
6.	Business Risk Adjustment (5)	<u>0.35</u>	<u>0.35</u>
7.	Recommended Range of Common Equity Cost Rate	<u>12.10 %</u>	<u>11.60 %</u>

- Notes: (1) From Schedule PMA-5.  
 (2) From page 1 of Schedule PMA-9.  
 (3) From page 1 Schedule PMA-10.  
 (4) From pages 6 and 7 of Schedule PMA-11 of this Exhibit.  
 (5) Business risk adjustment to reflect Water Service Corporation of Kentucky's greater business risk due to its small size relative to the proxy groups as detailed in Ms. Ahern's accompanying direct testimony.

Water Service Corporation of Kentucky  
Derivation of Investment Risk Adjustment Based upon  
Ibbotson Associates' Size Premia for the Decile Portfolios of the NYSE/AMEX/NASDAQ

Line No.	1		2		3	4	5
	Total Permanent Capital for the Year 2007 ( millions )	(times larger)	Market Capitalization on January 2, 2009 (1) ( millions )	(times larger)	Applicable Decile of the NYSE/AMEX/ NASDAQ (2)	Applicable Size Premium (3)	Spread from Applicable Size Premium for (4)
1.	\$ 4.235 (5)						
a.	<u>Water Service Corporation of Kentucky</u>		\$ 8.384		10	5.82%	
	<u>Based Upon the Proxy Group of Seven AUS Utility Reports Water Companies</u>		\$ 8.178		10	5.82%	
b.	<u>Based Upon the Proxy Group of Ten AUS Utility Reports Gas Distribution Companies</u>						3.62%
2.	\$ 662.565 (6)	156.4 x	\$ 760.393	90.9 x	8	2.20%	
	<u>Proxy Group of Seven AUS Utility Reports Water Companies</u>						4.32%
3.	\$ 1,448.561 (7)	342.0 x	\$ 1,407.909	172.2 x	7	1.50%	
	<u>Proxy Group of Ten AUS Utility Reports Gas Distribution Companies</u>						
			(A)	(B)	(C)	(D)	(E)
			Decile	Number of Companies ( millions )	Recent Total Market Capitalization ( millions )	Recent Average Market Capitalization ( millions )	Size Premium (Return in Excess of CAPM) (2)
			1 - Largest	167	\$ 10,357,817.750	\$ 62,022.861	-0.34%
			2	174	2,327,351.920	\$ 13,375.586	0.68%
			3	192	1,111,672.200	\$ 5,789.959	0.76%
			4	184	709,696.610	\$ 3,857.047	0.93%
			5	203	541,399.790	\$ 2,666.994	1.47%
			6	251	411,039.680	\$ 1,637.608	1.60%
			7	275	379,465.160	\$ 1,379.873	1.50%
			8	380	291,182.590	\$ 766.270	2.20%
			9	641	284,538.240	\$ 443.897	2.56%
			10 - Smallest	1775	201,705.150	\$ 113.637	5.82%

\*From pages 7 and 14 of this Schedule

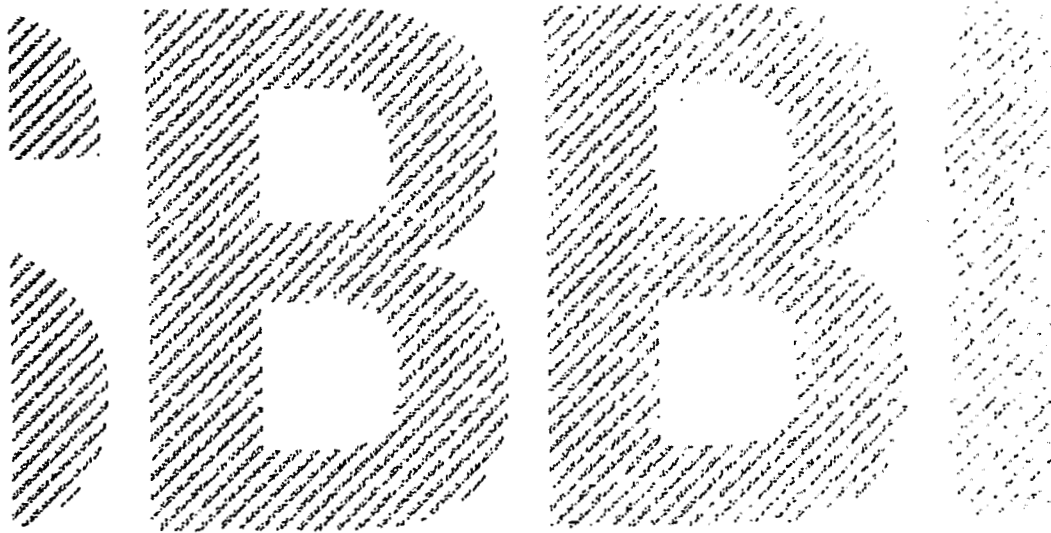
Notes:

- (1) From Page 4 of this Schedule.
- (2) Gleaned from Column (D) on the bottom of this page. The appropriate decile (Column (A)) corresponds to the market capitalization of the proxy group, which is found in Column 1.
- (3) Corresponding risk premium to the decile is provided on Column (E) on the bottom of this page.
- (4) Line No. 1a Column 3 – Line No. 2 Column 3 and Line No. 1b, Column 3 – Line No. 3 of Column 3 etc.. For example, the 3.62% in Column 4, Line No. 2 is derived as follows 3.62% = 5.82% - 2.20%.
- (5) From Schedule A of the Company's Petition.
- (6) Derived on Schedule PMA-3.
- (7) Derived on Schedule PMA-4.



**Ibbotson® SBBI®**  
2008 Valuation Yearbook

Market Results for  
Stocks, Bonds, Bills, and Inflation  
1926–2007



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## Chapter 7

### Firm Size and Return

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#### The Firm Size Phenomenon

One of the most remarkable discoveries of modern finance is that of a relationship between firm size and return. The relationship cuts across the entire size spectrum but is most evident among smaller companies, which have higher returns on average than larger ones. Many studies have looked at the effect of firm size on return.<sup>1</sup> In this chapter, the returns across the entire range of firm size are examined.

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#### Construction of the Decile Portfolios

The portfolios used in this chapter are those created by the Center for Research in Security Prices (CRSP) at the University of Chicago's Graduate School of Business. CRSP has refined the methodology of creating size-based portfolios and has applied this methodology to the entire universe of NYSE/AMEX/NASDAQ-listed securities going back to 1926.

The New York Stock Exchange universe excludes closed-end mutual funds, preferred stocks, real estate investment trusts, foreign stocks, American Depository Receipts, unit investment trusts, and Americus Trusts. All companies on the NYSE are ranked by the combined market capitalization of their eligible equity securities. The companies are then split into 10 equally populated groups, or deciles. Eligible companies traded on the American Stock Exchange (AMEX) and the Nasdaq National Market (NASDAQ) are then assigned to the appropriate deciles according to their capitalization in relation to the NYSE breakpoints. The portfolios are rebalanced, using closing prices for the last trading day of March, June, September, and December. Securities added during the quarter are assigned to the appropriate portfolio when two consecutive month-end prices are available. If the final NYSE price of a security that becomes delisted is a month-end price, then that month's return is included in the quarterly return of the security's portfolio. When a month-end NYSE price is missing, the month-end value of the security is derived from merger terms, quotations on regional exchanges, and other sources. If a month-end value still is not determined, the last available daily price is used.

Base security returns are monthly holding period returns. All distributions are added to the month-end prices, and appropriate price adjustments are made to account for stock splits and dividends. The return on a portfolio for one month is calculated as the weighted average of the returns for its individual stocks. Annual portfolio returns are calculated by compounding the monthly portfolio returns.

---

#### Size of the Deciles

Table 7-1 reveals that the top three deciles of the NYSE/AMEX/NASDAQ account for most of the total market value of its stocks. Nearly two-thirds of the market value is represented by the first decile, which currently consists of 167 stocks, while the smallest decile accounts for just over one percent of the

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<sup>1</sup> Rolf W. Banz was the first to document this phenomenon. See Banz, Rolf W. "The Relationship Between Returns and Market Value of Common Stocks," *Journal of Financial Economics*, Vol. 9, 1981, pp. 3-18.

market value. The data in the second column of Table 7-1 are averages across all 82 years. Of course, the proportion of market value represented by the various deciles varies from year to year.

Columns three and four give recent figures on the number of companies and their market capitalization, presenting a snapshot of the structure of the deciles near the end of 2007.

Table 7-1<sup>‡</sup>  
**Size-Decile Portfolios of the NYSE/AMEX/NASDAQ Size and Composition**  
 1926 through September 30, 2007

Decile	Historical Average Percentage of Total Capitalization	Recent Number of Companies	Recent Decile Market Capitalization (in thousands)	Recent Percentage of Total Capitalization
1-largest	63.22%	167	\$10,357,817,750	62.34%
2	13.97%	174	2,327,351,920	14.01%
3	7.56%	192	1,111,672,200	6.69%
4	4.73%	184	709,696,610	4.27%
5	3.24%	203	541,399,790	3.26%
6	2.38%	251	411,039,680	2.47%
7	1.75%	275	379,465,160	2.28%
8	1.30%	380	291,182,590	1.75%
9	1.02%	641	284,538,240	1.71%
10-smallest	0.83%	1775	201,705,150	1.21%
Mid-Cap 3-5	15.53%	579	2,362,768,280	14.22%
Low-Cap 6-8	5.43%	906	1,081,687,170	6.51%
Micro-Cap 9-10	1.85%	2,416	486,243,740	2.93%

Historical average percentage of total capitalization shows the average, over the last 82 years, of the decile market values as a percentage of the total NYSE/AMEX/NASDAQ calculated each month. Number of companies in deciles, recent market capitalization of deciles, and recent percentage of total capitalization are as of September 30, 2007.

Table 7-2 gives the current breakpoints that define the composition of the NYSE/AMEX/NASDAQ size deciles. The largest company and its market capitalization are presented for each decile. Table 7-3 shows the historical breakpoints for each of the three size groupings presented throughout this chapter. Mid-cap stocks are defined here as the aggregate of deciles 3-5. Based on the most recent data (Table 7-2), companies within this mid-cap range have market capitalizations at or below \$9,206,713,000 but greater than \$2,411,794,000. Low-cap stocks include deciles 6-8 and currently include all companies in the NYSE/AMEX/NASDAQ with market capitalizations at or below \$2,411,794,000 but greater than \$723,258,000. Micro-cap stocks include deciles 9-10 and include companies with market capitalizations at or below \$723,258,000. The market capitalization of the smallest company included in the micro-capitalization group is currently \$1,922,000.

<sup>‡</sup> Source: ©200801 CRSP<sup>®</sup>, Center for Research in Security Prices. Graduate School of Business, The University of Chicago used with permission. All rights reserved. [www.crsp.chicagogsb.edu](http://www.crsp.chicagogsb.edu)

**Table 7-2<sup>t</sup>**  
**Size-Decile Portfolios of the NYSE/AMEX/NASDAQ, Largest Company**  
**and Its Market Capitalization by Decile**  
 September 30, 2007

Decile	Market Capitalization of Largest Company (in thousands)	Company Name
1-Largest	\$472,518,672	Exxon Mobil Corp.
2	20,234,526	General Mills Inc
3	9,206,713	Reliant Energy Inc.
4	5,012,577	Manitowoc Co. Inc.
5	3,422,743	FMC Corp.
6	2,411,794	Webster Financial Corp.
7	1,633,320	Simpson Manufacturing Co. Inc.
8	1,128,765	Metal Management Inc.
9	723,258	Citadel Broadcasting Corp.
10-Smallest	363,479	Emergency Medical Services Corp.

**Presentation of the Decile Data**

Summary statistics of annual returns of the 10 deciles over 1926–2007 are presented in Table 7-4. Note from this exhibit that both the average return and the total risk, or standard deviation of annual returns, tend to increase as one moves from the largest decile to the smallest. Furthermore, the serial correlations of returns are near zero for all but the smallest deciles. Serial correlations and their significance will be discussed in detail later in this chapter.

Graph 7-1 depicts the growth of one dollar invested in each of three NYSE/AMEX/NASDAQ groups broken down into mid-cap, low-cap, and micro-cap stocks. The index value of the entire NYSE/AMEX/NASDAQ is also included. All returns presented are value-weighted based on the market capitalizations of the deciles contained in each subgroup. The sheer magnitude of the size effect in some years is noteworthy. While the largest stocks actually declined 9 percent in 1977, the smallest stocks rose more than 20 percent. A more extreme case occurred in the depression-recovery year of 1933, when the difference between the first and tenth decile returns was far more substantial, with the largest stocks rising 46 percent, and the smallest stocks rising 218 percent. This divergence in the performance of small and large company stocks is a common occurrence.

Table 7-3  
**Size-Decile Portfolios of the NYSE/AMEX/NASDAQ**  
 Largest and Smallest Company by Size Group

from 1926 to 1965

Date (Sept 30)	Capitalization of Largest Company (in thousands)			Capitalization of Smallest Company (in thousands)		
	Mid-Cap 3-5	Low-Cap 6-8	Micro-Cap 9-10	Mid-Cap 3-5	Low-Cap 6-8	Micro-Cap 9-10
1926	\$60,103	\$13,795	\$4,213	\$13,800	\$4,263	\$43
1927	\$64,820	\$14,491	\$4,415	\$14,522	\$4,450	\$65
1928	\$80,910	\$18,761	\$5,074	\$18,788	\$5,119	\$135
1929	\$103,054	\$24,328	\$5,862	\$24,480	\$5,873	\$118
1930	\$66,750	\$12,918	\$3,359	\$13,050	\$3,369	\$30
1931	\$42,607	\$8,142	\$1,927	\$8,222	\$1,944	\$15
1932	\$12,212	\$2,208	\$468	\$2,223	\$469	\$19
1933	\$40,298	\$7,210	\$1,830	\$7,280	\$1,875	\$120
1934	\$38,019	\$6,638	\$1,673	\$6,669	\$1,691	\$69
1935	\$37,631	\$6,549	\$1,350	\$6,605	\$1,383	\$38
1936	\$46,963	\$11,505	\$2,754	\$11,526	\$2,800	\$98
1937	\$51,750	\$13,635	\$3,539	\$13,793	\$3,563	\$68
1938	\$35,019	\$8,372	\$2,195	\$8,400	\$2,200	\$60
1939	\$35,409	\$7,478	\$1,819	\$7,500	\$1,854	\$75
1940	\$29,903	\$7,990	\$1,861	\$8,007	\$1,872	\$51
1941	\$30,362	\$8,316	\$2,086	\$8,336	\$2,087	\$72
1942	\$26,037	\$6,868	\$1,770	\$6,870	\$1,779	\$82
1943	\$42,721	\$11,403	\$3,847	\$11,475	\$3,903	\$395
1944	\$46,221	\$13,066	\$4,812	\$13,068	\$4,820	\$309
1945	\$55,125	\$17,325	\$6,413	\$17,575	\$6,428	\$225
1946	\$77,784	\$24,192	\$10,149	\$24,199	\$10,168	\$829
1947	\$57,830	\$17,719	\$6,373	\$17,735	\$6,380	\$508
1948	\$67,238	\$19,632	\$7,329	\$19,651	\$7,348	\$683
1949	\$56,082	\$14,549	\$5,037	\$14,577	\$5,108	\$379
1950	\$66,143	\$18,675	\$6,225	\$18,700	\$6,243	\$303
1951	\$82,517	\$22,750	\$7,598	\$22,860	\$7,600	\$668
1952	\$95,636	\$25,405	\$8,428	\$25,452	\$8,480	\$480
1953	\$98,218	\$25,340	\$8,156	\$25,374	\$8,168	\$459
1954	\$125,834	\$29,707	\$8,488	\$29,791	\$8,502	\$463
1955	\$170,829	\$41,445	\$12,366	\$41,681	\$12,444	\$553
1956	\$183,792	\$48,805	\$13,524	\$48,886	\$13,623	\$1,122
1957	\$194,300	\$47,658	\$13,844	\$48,509	\$13,848	\$925
1958	\$195,536	\$46,774	\$13,789	\$46,871	\$13,816	\$550
1959	\$256,283	\$64,110	\$19,548	\$64,221	\$19,701	\$1,804
1960	\$252,292	\$61,485	\$19,293	\$61,529	\$19,344	\$831
1961	\$296,261	\$77,983	\$23,562	\$77,996	\$23,613	\$2,455
1962	\$250,786	\$58,785	\$18,952	\$58,866	\$18,968	\$1,018
1963	\$308,903	\$71,846	\$23,927	\$71,971	\$24,056	\$296
1964	\$349,675	\$79,508	\$25,595	\$79,937	\$25,607	\$223
1965	\$365,675	\$84,600	\$28,483	\$85,065	\$28,543	\$250

Firm Size and Return

Table 7-3 (continued)  
**Size-Decile Portfolios of the NYSE/AMEX/NASDAQ**  
 Largest and Smallest Company by Size Group

from 1966 to 2007

Date (Sept 30)	Capitalization of Largest Company (in thousands)			Capitalization of Smallest Company (in thousands)		
	Mid-Cap 3-5	Low-Cap 6-8	Micro-Cap 9-10	Mid-Cap 3-5	Low-Cap 6-8	Micro-Cap 9-10
1966	\$403,137	\$99,960	\$34,884	\$100,107	\$34,966	\$381
1967	\$459,438	\$118,988	\$42,188	\$119,635	\$42,237	\$381
1968	\$531,306	\$150,893	\$60,543	\$151,260	\$60,719	\$592
1969	\$518,485	\$146,792	\$54,353	\$147,311	\$54,503	\$2,119
1970	\$382,884	\$94,754	\$29,916	\$94,845	\$29,932	\$822
1971	\$551,690	\$147,426	\$45,570	\$147,810	\$45,571	\$865
1972	\$557,181	\$143,835	\$46,728	\$144,263	\$46,757	\$1,031
1973	\$431,354	\$96,699	\$29,352	\$96,710	\$29,430	\$561
1974	\$356,876	\$79,878	\$23,355	\$80,280	\$23,400	\$444
1975	\$477,054	\$102,313	\$30,353	\$103,283	\$30,394	\$540
1976	\$566,296	\$121,717	\$34,864	\$121,992	\$34,901	\$564
1977	\$584,577	\$139,196	\$40,700	\$139,820	\$40,765	\$513
1978	\$580,881	\$164,093	\$47,927	\$164,455	\$48,038	\$830
1979	\$665,019	\$177,378	\$51,197	\$177,769	\$51,274	\$948
1980	\$762,195	\$199,312	\$50,496	\$199,315	\$50,544	\$549
1981	\$962,397	\$264,690	\$72,104	\$264,783	\$72,450	\$1,446
1982	\$770,517	\$210,301	\$55,336	\$210,630	\$55,423	\$1,060
1983	\$1,209,911	\$353,889	\$104,382	\$356,238	\$104,588	\$2,025
1984	\$1,075,436	\$315,865	\$91,004	\$316,103	\$91,195	\$2,093
1985	\$1,440,436	\$370,224	\$94,875	\$370,729	\$94,887	\$760
1986	\$1,857,621	\$449,015	\$110,617	\$449,462	\$110,953	\$706
1987	\$2,059,143	\$468,948	\$113,419	\$470,662	\$113,430	\$1,277
1988	\$1,957,926	\$421,340	\$94,449	\$421,675	\$94,573	\$696
1989	\$2,145,947	\$480,975	\$100,285	\$483,623	\$100,384	\$96
1990	\$2,171,217	\$474,065	\$93,750	\$474,477	\$93,790	\$132
1991	\$2,129,863	\$457,958	\$87,586	\$458,853	\$87,733	\$278
1992	\$2,428,671	\$500,327	\$103,352	\$500,346	\$103,500	\$510
1993	\$2,705,192	\$603,588	\$137,105	\$607,449	\$137,137	\$602
1994	\$2,470,244	\$586,059	\$148,104	\$597,975	\$148,216	\$598
1995	\$2,789,938	\$647,210	\$155,386	\$647,253	\$155,532	\$89
1996	\$3,142,657	\$751,316	\$193,001	\$751,680	\$193,016	\$1,043
1997	\$3,484,440	\$813,923	\$228,900	\$814,355	\$229,058	\$585
1998	\$4,216,707	\$925,688	\$252,553	\$926,215	\$253,031	\$1,671
1999	\$4,251,741	\$875,309	\$220,397	\$875,582	\$220,456	\$1,502
2000	\$4,143,902	\$840,000	\$192,083	\$840,730	\$192,439	\$1,393
2001	\$5,156,315	\$1,108,224	\$265,734	\$1,108,969	\$265,736	\$443
2002	\$4,930,326	\$1,116,525	\$308,980	\$1,124,331	\$309,245	\$501
2003	\$4,744,580	\$1,163,369	\$328,060	\$1,163,423	\$329,529	\$332
2004	\$6,241,953	\$1,607,854	\$505,437	\$1,607,931	\$506,410	\$1,393
2005	\$7,187,244	\$1,728,888	\$586,393	\$1,729,364	\$587,243	\$1,079
2006	\$7,777,183	\$1,946,588	\$626,955	\$1,947,240	\$627,017	\$2,247
2007	\$9,206,713	\$2,411,794	\$723,258	\$2,413,583	\$725,267	\$1,922

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Table 7-4<sup>‡</sup>  
**Size-Decile Portfolios of the NYSE/AMEX/NASDAQ, Summary Statistics of Annual Returns 1926–2007**

Decile	Geometric Mean	Arithmetic Mean	Standard Deviation	Serial Correlation
1-Largest	9.6	11.3	18.91	0.08
2	10.9	13.2	21.62	0.04
3	11.3	13.7	23.31	-0.03
4	11.1	14.1	25.68	-0.01
5	11.7	14.8	26.49	-0.02
6	11.7	15.1	27.10	0.03
7	11.6	15.5	29.47	0.01
8	11.8	16.6	34.18	0.05
9	11.9	17.3	36.45	0.04
10-Smallest	13.6	21.0	44.58	0.16
Md-Cap, 3–5	11.3	14.0	24.42	-0.02
Low-Cap, 6–8	11.7	15.5	29.03	0.03
Micro-Cap, 9–10	12.5	18.5	38.84	0.08
NYSE/AMEX/NASDAQ	10.1	12.0	19.94	0.03
Total Value-Weighted Index				

#### Aspects of the Firm Size Effect

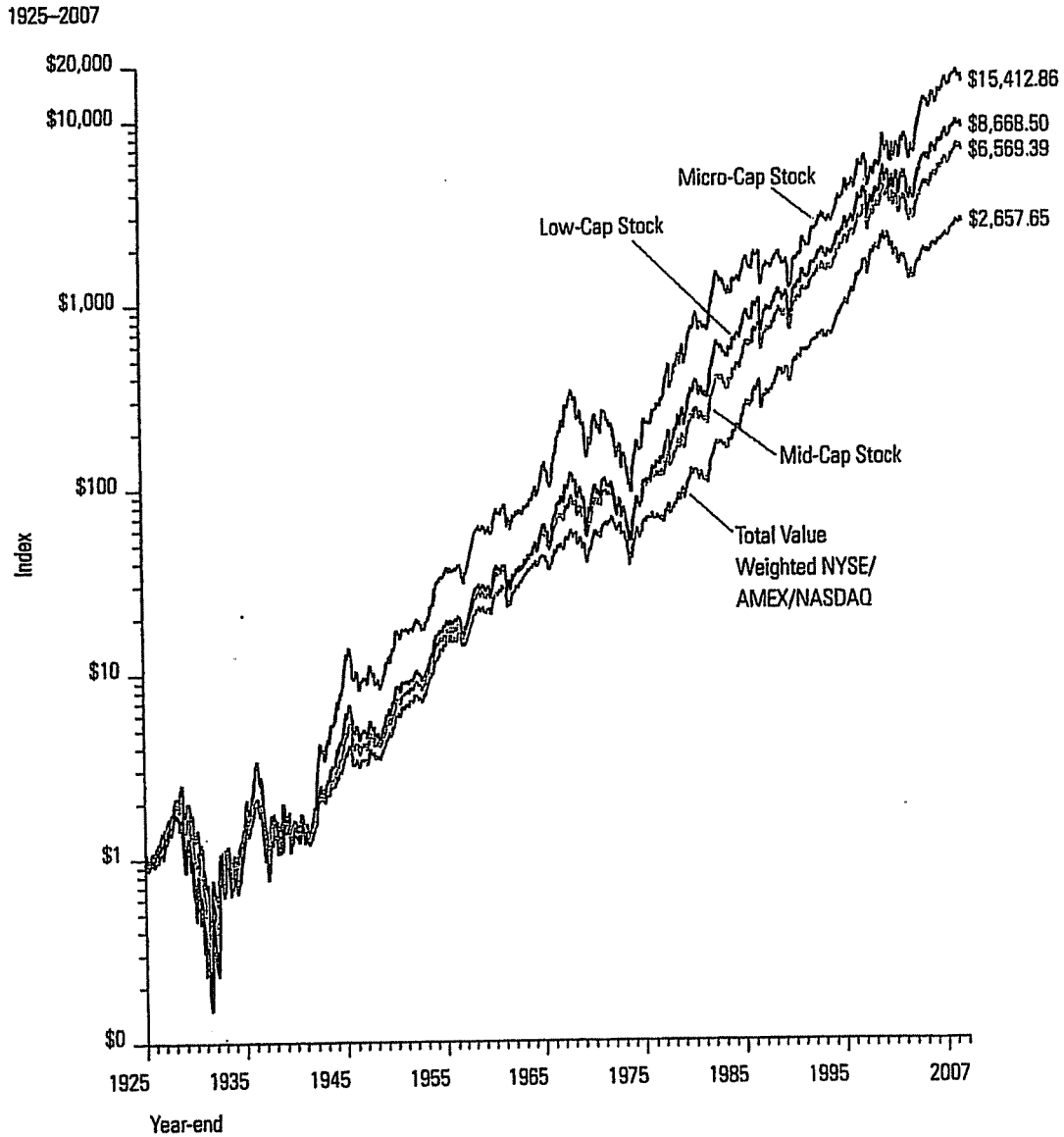
The firm size phenomenon is remarkable in several ways. First, the greater risk of small stocks does not, in the context of the capital asset pricing model (CAPM), fully account for their higher returns over the long term. In the CAPM only systematic, or beta risk, is rewarded; small company stocks have had returns in excess of those implied by their betas.

Second, the calendar annual return differences between small and large companies are serially correlated. This suggests that past annual returns may be of some value in predicting future annual returns. Such serial correlation, or autocorrelation, is practically unknown in the market for large stocks and in most other equity markets but is evident in the size premia.

Third, the firm size effect is seasonal. For example, small company stocks outperformed large company stocks in the month of January in a large majority of the years. Such predictability is surprising and suspicious in light of modern capital market theory. These three aspects of the firm size effect—long-term returns in excess of systematic risk, serial correlation, and seasonality—will be analyzed thoroughly in the following sections.

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Graph 7-1<sup>1</sup>  
**Size-Decile Portfolios of the NYSE/AMEX/NASDAQ: Wealth Indices of Investments in Mid-, Low-, Micro- and Total Capitalization Stocks**  
Year-end 1925 = \$1.00





### Long-Term Returns in Excess of Systematic Risk

The capital asset pricing model (CAPM) does not fully account for the higher returns of small company stocks. Table 7-5 shows the returns in excess of systematic risk over the past 82 years for each decile of the NYSE/AMEX/NASDAQ. Recall that the CAPM is expressed as follows:

$$k_s = r_f + (\beta_s \times ERP)$$

Table 7-5 uses the CAPM to estimate the return in excess of the riskless rate and compares this estimate to historical performance. According to the CAPM, the expected return on a security should consist of the riskless rate plus an additional return to compensate for the systematic risk of the security. The return in excess of the riskless rate is estimated in the context of the CAPM by multiplying the equity risk premium by  $\beta$  (beta). The equity risk premium is the return that compensates investors for taking on risk equal to the risk of the market as a whole (systematic risk).<sup>2</sup> Beta measures the extent to which a security or portfolio is exposed to systematic risk.<sup>3</sup> The beta of each decile indicates the degree to which the decile's return moves with that of the overall market.

A beta greater than one indicates that the security or portfolio has greater systematic risk than the market; according to the CAPM equation, investors are compensated for taking on this additional risk. Yet, Table 7-5 illustrates that the smaller deciles have had returns that are not fully explained by their higher betas. This return in excess of that predicted by CAPM increases as one moves from the largest companies in decile 1 to the smallest in decile 10. The excess return is especially pronounced for micro-cap stocks (deciles 9–10). This size-related phenomenon has prompted a revision to the CAPM, which includes a size premium. Chapter 4 presents this modified CAPM theory and its application in more detail.

This phenomenon can also be viewed graphically, as depicted in the Graph 7-2. The security market line is based on the pure CAPM without adjustment for the size premium. Based on the risk (or beta) of a security, the expected return lies on the security market line. However, the actual historic returns for the smaller deciles of the NYSE/AMEX/NASDAQ lie above the line, indicating that these deciles have had returns in excess of that which is appropriate for their systematic risk.

2. The equity risk premium is estimated by the 82-year arithmetic mean return on large company stocks, 12.26 percent, less the 82-year arithmetic mean income-return component of 20-year government bonds as the historical riskless rate, in this case 5.21 percent. (It is appropriate, however, to match the maturity, or duration, of the riskless asset with the investment horizon.) See Chapter 5 for more detail on equity risk premium estimation.

3. Historical betas were calculated using a simple regression of the monthly portfolio (decile) total returns in excess of the 30-day U.S. Treasury bill total returns versus the S&P 500 total returns in excess of the 30-day U.S. Treasury bill, January 1926–December 2007. See Chapter 6 for more detail on beta estimation.

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Firm Size and Return

Table 7-5\*  
**Long-Term Returns in Excess of CAPM Estimation for Decile Portfolios of the NYSE/AMEX/NASDAQ  
 1926-2007**

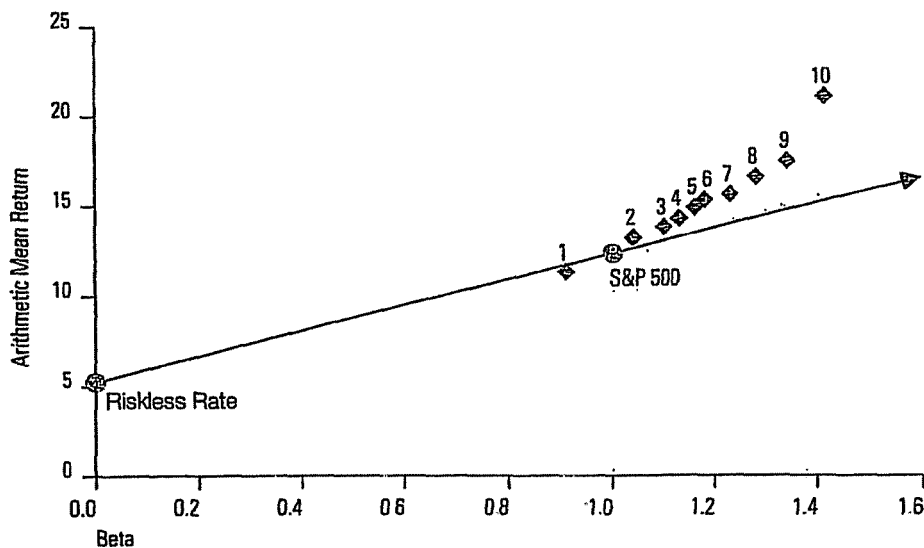
Decile	Beta*	Arithmetic Mean Return	Realized Return in Excess of Riskless Rate**	Estimated Return in Excess of Riskless Rate†	Size Premium (Return in Excess of CAPM)
1-Largest	0.91	11.31%	6.10%	6.45%	-0.34%
2	1.03	13.16%	7.95%	7.27%	0.68%
3	1.10	13.72%	8.51%	7.75%	0.76%
4	1.12	14.07%	8.86%	7.93%	0.93%
5	1.16	14.85%	9.64%	8.17%	1.47%
6	1.18	15.14%	9.93%	8.33%	1.60%
7	1.24	15.46%	10.26%	8.76%	1.50%
8	1.30	16.58%	11.38%	9.18%	2.20%
9	1.35	17.28%	12.07%	9.51%	2.56%
10-Smallest	1.41	20.98%	15.77%	9.95%	5.82%
Mid-Cap, 3-5	1.12	14.01%	8.81%	7.88%	0.92%
Low-Cap, 6-8	1.22	15.49%	10.29%	8.64%	1.65%
Micro-Cap, 9-10	1.36	18.46%	13.25%	9.59%	3.65%

\*Betas are estimated from monthly portfolio total returns in excess of the 30-day U.S. Treasury bill total return versus the S&P 500 total returns in excess of the 30-day U.S. Treasury bill, January 1926-December 2007.

\*\*Historical riskless rate is measured by the 82-year arithmetic mean income return component of 20-year government bonds (5.21 percent)

†Calculated in the context of the CAPM by multiplying the equity risk premium by beta. The equity risk premium is estimated by the arithmetic mean total return of the S&P 500 (12.26 percent) minus the arithmetic mean income return component of 20-year government bonds (5.21 percent) from 1926-2007.

Graph 7-2\*  
**Security Market Line versus Size-Decile Portfolios of the NYSE/AMEX/NASDAQ  
 1926-2007**



### Further Analysis of the 10th Decile

The size premia presented thus far do a great deal to explain the return due solely to size in publicly traded companies. However, by splitting the 10th decile into two size groupings we can get a closer look at the smallest companies. This magnification of the smallest companies will demonstrate whether the company size to size premia relationship continues to hold true.

As previously discussed, the method for determining the size groupings for size premia analysis was to take the stocks traded on the NYSE and break them up into 10 deciles, after which stocks traded on the AMEX and NASDAQ were allocated into the same size groupings. This same methodology was used to split the 10th decile into two parts: 10a and 10b, with 10b being the smaller of the two. This is equivalent to breaking the stocks down into 20 size groupings, with portfolios 19 and 20 representing 10a and 10b.

Table 7-7 shows that the pattern continues; as companies get smaller their size premium increases. There is a noticeable increase in size premium from 10a to 10b, which can also be demonstrated visually in Graph 7-3. This can be useful in valuing companies that are extremely small. Table 7-6 presents the size, composition, and breakpoints of deciles 10a and 10b. First, the recent number of companies and total decile market capitalization are presented. Then the largest company and its market capitalization are presented.

Breaking the smallest decile down lowers the significance of the results compared to results for the 10th decile taken as a whole, however. The same holds true for comparing the 10th decile with the Micro-Cap aggregation of the 9th and 10th deciles. The more stocks included in a sample the more significance can be placed on the results. While this is not as much of a factor with the recent years of data, these size premia are constructed with data back to 1926. By breaking the 10th decile down into smaller components we have cut the number of stocks included in each grouping. The change over time of the number of stocks included in the 10th decile for the NYSE/AMEX/NASDAQ is presented in Table 7-8. With fewer stocks included in the analysis early on, there is a strong possibility that just a few stocks can dominate the returns for those early years.

While the number of companies included in the 10th decile for the early years of our analysis is low, it is not too low to still draw meaningful results even when broken down into subdivisions 10a and 10b. All things considered, size premia developed for deciles 10a and 10b are significant and can be used in cost of capital analysis. These size premia should greatly enhance the development of cost of capital analysis for very small companies.

Table 7-6<sup>†</sup>  
**Size-Decile Portfolios 10a and 10b of the NYSE/AMEX/NASDAQ,**  
**Largest Company and Its Market Capitalization**  
 September 30, 2007

Decile	Recent Number of Companies	Recent Decile Market Capitalization (in thousands)	Market Capitalization of Largest Company (in thousands)	Company Name
10a	386	108,458,780	363,479	Emergency Medical Services Corp
10b	1,405	143,681,297	211,590	Miller Industries Inc., Tenn.

Note: These numbers may not aggregate to equal decile 10 figures

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Firm Size and Return

**Table 7-7<sup>†</sup>**  
**Long-Term Returns in Excess of CAPM Estimation for Decile Portfolios of the NYSE/AMEX/NASDAQ, with 10th Decile Split 1926-2007**

	Beta*	Arithmetic Mean Return	Realized Return in Excess of Riskless Rate**	Estimated Return in Excess of Riskless Rate†	Size Premium (Return in Excess of CAPM)
1-Largest	0.91	11.31%	6.10%	6.45%	-0.34%
2	1.03	13.16%	7.95%	7.27%	0.68%
3	1.10	13.72%	8.51%	7.75%	0.76%
4	1.12	14.07%	8.86%	7.93%	0.93%
5	1.16	14.85%	9.64%	8.17%	1.47%
6	1.18	15.14%	9.93%	8.33%	1.60%
7	1.24	15.46%	10.26%	8.76%	1.50%
8	1.30	16.58%	11.38%	9.18%	2.20%
9	1.35	17.28%	12.07%	9.51%	2.56%
10a	1.42	19.22%	14.01%	10.02%	3.99%
10b-Smallest	1.39	24.71%	19.50%	9.77%	9.73%
Mid-Cap, 3-5	1.12	14.01%	8.81%	7.88%	0.92%
Low-Cap, 6-8	1.22	15.49%	10.29%	8.64%	1.65%
Micro-Cap, 9-10	1.36	18.46%	13.25%	9.59%	3.65%

\*Betas are estimated from monthly portfolio total returns in excess of the 30-day U.S. Treasury bill total return versus the S&P 500 total returns in excess of the 30-day U.S. Treasury bill, January 1926-December 2007.

\*\*Historical riskless rate is measured by the 82-year arithmetic mean income return component of 20-year government bonds (5.21 percent)

†Calculated in the context of the CAPM by multiplying the equity risk premium by beta. The equity risk premium is estimated by the arithmetic mean total return of the S&P 500 (12.26 percent) minus the arithmetic mean income return component of 20-year government bonds (5.21 percent) from 1926-2007.

**Graph 7-3<sup>†</sup>**  
**Security Market Line versus Size-Decile Portfolios of the NYSE/AMEX/NASDAQ, with 10th Decile Split 1926-2007**

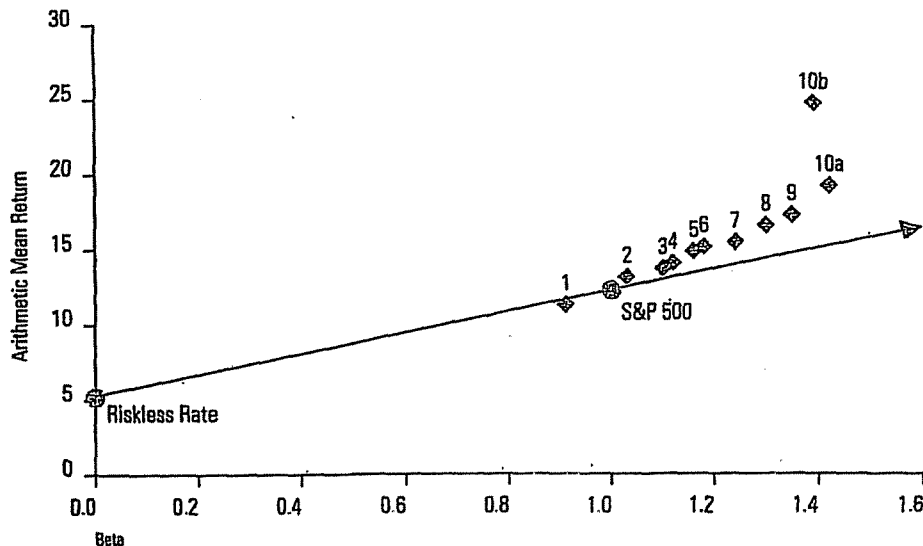


Table 7-8<sup>1</sup>  
**Historical Number of Companies for NYSE/AMEX/NASDAQ Decile 10**

Sept.	Number of Companies
1926	52*
1930	72
1940	78
1950	100
1960	109
1970	865
1980	685
1990	1,814
2000	1,927
2005	1,746
2006	1,744
2007	1,775

\*The fewest number of companies was 49 in March, 1926

#### Alternative Methods of Calculating the Size Premia

The size premia estimation method presented above makes several assumptions with respect to the market benchmark and the measurement of beta. The impact of these assumptions can best be examined by looking at some alternatives. In this section we will examine the impact on the size premia of using a different market benchmark for estimating the equity risk premia and beta. We will also examine the effect on the size premia study of using sum beta or an annual beta.<sup>4</sup>

#### Changing the Market Benchmark

In the original size premia study, the S&P 500 is used as the market benchmark in the calculation of the realized historical equity risk premium and of each size group's beta. The NYSE total value-weighted index is a common alternative market benchmark used to calculate beta. Table 7-9 uses this market benchmark in the calculation of beta. In order to isolate the size effect, we require an equity risk premium based on a large company stock benchmark. The NYSE deciles 1-2 large company index offers a mutually exclusive set of portfolios for the analysis of the smaller company groups: mid-cap deciles 3-5, low-cap deciles 6-8, and micro-cap deciles 9-10. The size premia analyses using these benchmarks are summarized in Table 7-9 and depicted graphically in Graph 7-4.

For the entire period analyzed, 1926-2007, the betas obtained using the NYSE total value-weighted index are higher than those obtained using the S&P 500. Since smaller companies had higher betas using the NYSE benchmark, one would expect the size premia to shrink. However, as was illustrated in Chapter 5, the equity risk premium calculated using the NYSE deciles 1-2 benchmark results in a value of 6.35, as opposed to 7.05 when using the S&P 500. The effect of the higher betas and lower equity risk premium cancel each other out, and the resulting size premia in Table 7-9 are slightly higher than those resulting from the original study.

<sup>4</sup> Sum beta is the method of beta estimation described in Chapter 6 that was developed to better account for the lagged reaction of small stocks to market movements. The sum beta methodology was developed for the same reason that the size premia were developed; small company betas were too small to account for all of their excess returns.

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# Utilities

The utilities rating methodology encompasses two basic components: business risk analysis and financial analysis. Evaluation of industry characteristics, the utility's position within that industry, its regulation, and its management provides the context for assessing a firm's financial condition.

Historical analysis is a tool for identifying strengths and weaknesses, and provides a starting point for evaluating financial condition. Business position assessment is the qualitative measure of a utility's fundamental creditworthiness. It focuses on the forces that will shape the utilities' future.

Utilities credit analysis factors	
Business risk	Financial risk
• Markets and service area economy	• Earnings protection
• Competitive position	• Capital structure
• Operations	• Cash flow capacity
• Regulation	• Financial flexibility/capital attraction
• Management	
• Fuel, power, and water supply	
• Asset concentration	

The credit analysis of utilities is quickly evolving, as utilities are treated less as regulated monopolies and more as entities faced with a host of challengers in a competitive environment. Marketplace dynamics are supplanting the power of regulation, making it critically important to reduce costs and/or market new services in order to thwart competitors' inroads.

## Markets and service area economy

Assessing service territory begins with the economic and demographic evaluation of the area in which the utility has its franchise. Strength of long-term demand for the product is examined from a macroeconomic perspective. This enables Standard & Poor's to evaluate the affordability of rates and the staying power of demand.

Standard & Poor's tries to discern any secular consumption trends and, more importantly, the reasons for them. Specific items examined include the size and growth rate of the market, strength of the franchise, historical and projected sales growth, income levels and trends in population, employment, and per capita income. A utility with a healthy economy and customer base—as illustrated by diverse employment opportunities, average or above-average wealth and income statistics, and low unemployment—

will have a greater capacity to support its operations.

For electric and gas utilities, distribution by customer class is scrutinized to assess the depth and diversity of the utility's customer mix. For example, heavy industrial concentration is viewed cautiously, since a utility may have significant exposure to cyclical volatility. Alternatively, a large residential component yields a stable and more predictable revenue stream. The largest utility customers are identified to determine their importance to the bottom line and assess the risk of their loss and potential adverse effect on the utility's financial position. Credit concerns arise when individual customers represent more than 5% of revenues. The company or industry may play a significant role in the overall economic base of the service area. Moreover, large customers may turn to cogeneration or alternative power supplies to meet their energy needs, potentially leading to reduced cash flow for the utility (even in cases where a large customer pays discounted rates and is not a profitable account for the utility). Customer concentration is less significant for water and telecommunication utilities.

## Competitive position

As competitive pressures have intensified in the utilities industry, Standard & Poor's analysis has deepened to include a more thorough review of competitive position.

### Electric utility competition

For electric utilities, competitive factors examined include: percentage of firm wholesale revenues that are most vulnerable to competition; industrial load concentration; exposure of key customers to alternative suppliers; commercial concentrations; rates for various customer classes; rate design and flexibility; production costs, both marginal and fixed; the regional capacity situation; and transmission constraints. A regional focus is evident, but high costs and rates relative to national averages are also of significant concern because of the potential for electricity substitutes over time.

Mounting competition in the electric utility industry derives from excess generating capacity, lower barriers to entering the electric generating business, and marginal costs that are below embedded costs. Standard & Poor's has already witnessed declining prices in wholesale markets, as *de facto* retail competition is already being seen in several parts of the country. Standard & Poor's believes that over the coming years more and more customers will want and demand lower prices. Initial concerns focus on the largest industrial loads, but other customer classes will be increasingly vulnerable. Competition will not necessar-



ily be driven by legislation. Other pressures will arise from global competition and improving technologies, whether it be the declining cost of incremental generation or advances in transmission capacity or substitute energy sources like the fuel cell. It is impossible to say precisely when wide-open retail competition will occur; this will be evolutionary. However, significantly greater competition in retail markets is inevitable.

#### Gas utility competition

Similarly, gas utilities are analyzed with regard to their competitive standing in the three major areas of demand: residential, commercial, and industrial. Although regulated as holders of monopoly power, natural gas utilities have for some time been actively competing for energy market share with fuel oil, electricity, coal, solar, wood, etc. The long-term staying power of market demand for natural gas cannot be taken for granted. In fact, as the electric utility industry restructures and reduces costs, electric power will become more cost competitive and threaten certain gas markets. In addition, independent gas marketers have made greater inroads behind the city gate and are competing for large gas users. Moreover, the recent trend by state regulators to unbundle utility services is creating opportunities for outsiders to market niche products. Distributors still have the upper hand, but those who do not reduce and control costs, and thus rates, could find competition even more difficult.

Natural gas pipelines are judged to carry a somewhat higher business risk than distribution companies because they face competition in every one of their markets. To the extent a pipeline serves utilities versus industrial end users, its stability is greater. Over the next five years, pipeline competition will heat up since many service contracts with customers are expiring. Most distributor or end-use customers are looking to reduce pipeline costs and are working to improve their load factor to do so. Thus, pipelines will likely find it difficult to recontract all capacity in coming years. Being the pipeline of choice is a function of attractive transportation rates, diversity and quality of services provided, and capacity available in each particular market. In all cases though, periodic discounting of rates to retain customers will occur and put pressure on profitability.

#### Water utility competition

As the last true utility monopoly, water utilities face very little competition and there is currently no challenge to the continuation of franchise areas. The only exceptions have been cases where investor-owned water companies have been subject to condemnation and municipalization because of poor service or political motivations. In that regard, Standard & Poor's pays close attention to costs and rates in relation to neighboring utilities and national averages. (In contrast, the privatization of public water facilities has begun, albeit at a slower pace than anticipated. This is occurring mostly in the form of operating contracts and public/private partnerships, and not in asset transfers. This trend should continue as cities look for ways to bal-

ance their tight budgets.) Also, water utilities are not fully immune to the forces of competition; in a few instances wholesale customers can access more than one supplier.

#### Telephone competition

The Telecommunications Act of 1996 accelerates the continuing challenge to the local exchange companies' (LECs) century-old monopoly in the local loop. Competitive access providers (CAPs), both facilities-based and resellers, are aggressively pursuing customers, generally targeting metropolitan areas, and promising lower rates and better service.

Most long-distance calls are still originated and terminated on the local telephone company network. To complete such a call, the long-distance provider (including AT&T, MCI, Sprint and a host of smaller interexchange carriers or "IXCs") must pay the local telephone company a steep "access" fee to compensate the local phone company for the use of its local network. CAPs, in contrast, build or lease facilities that directly connect customers to their long-distance carrier, bypassing the local telephone company and avoiding access fees, and thereby can offer lower long-distance rates. But the LECs are not standing still; they are combating the loss of business to CAPs by lowering access fees, thereby reducing the economic incentive for a high usage long-distance customer to use a CAP. LECs are attempting to make up for the loss of revenues from lower access fees by increasing basic local service rates (or at least not lowering them), since basic service is far less subject to competition. LECs are improving operating efficiency and marketing high margin, value-added new services. Additionally, in the wake of the Telecommunications Act, LECs will capture at least some of the inter-LATA long-distance market. As a result of these initiatives, LECs continue to rebuild themselves—from the traditional utility monopoly to leaner, more marketing oriented organizations.

While LECs, and indeed all segments of the telecommunications sector, face increasing competition, there are favorable industry factors that tend to offset heightened business risk and auger for overall ratings stability for most LECs. Importantly, telecommunications is a declining-cost business. With increased deployment of fiber optics, the cost of transport has fallen dramatically and digital switching hardware and software have yielded more capable, trouble-free and cost-efficient networks. As a result, the cost of network maintenance has dropped sharply, as illustrated by the ratio of employees per 10,000 access lines, an oft cited measurement of efficiency. Ratios as low as 25 employees per 10,000 lines are being seen, down from the typical 40 or more employees per 10,000 ratio of only a few years ago.

In addition, networks are far more capable. They are increasingly digitally switched and able to accommodate high-speed communications. The infrastructure needed to accommodate switched broadband services will be built into telephone networks over the next few years. These advanced networks will enable telephone companies to look to a greater variety of high-margin, value-added serv-

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ices. In addition to those current services such as call waiting or caller ID, the delivery of hundreds of broadcast and interactive video channels will be possible. While these services offer the potential of new revenue streams, they will simultaneously present a formidable challenge. LECs will be entering the new (to them) arena of multimedia entertainment and will have to develop expertise in marketing and entertainment programming acumen; such skills stand in sharp contrast to LECs' traditional strengths in engineering and customer service.

### **Operations**

Standard & Poor's focuses on the nature of operations from the perspective of cost, reliability, and quality of service. Here, emphasis is placed on those areas that require management attention in terms of time or money and which, if unresolved, may lead to political, regulatory, or competitive problems.

#### **Operations of electric utilities**

For electric, the status of utility plant investment is reviewed with regard to generating plant availability and utilization, and also for compliance with existing and contemplated environmental and other regulatory standards. The record of plant outages, equivalent availability, load factors, heat rates, and capacity factors are examined. Also important is efficiency, as defined by total megawatt hour per employee and customers per employee. Transmission interconnections are evaluated in terms of the number of utilities to which the utility in question has access, the cost structures and available generating capacity of these other utilities, and the price paid for wholesale power.

Because of mounting competition and the substantial escalation in decommissioning estimates, significant weight is given to the operation of nuclear facilities. Nuclear plants are becoming more vulnerable to high production costs that make their rates uneconomical. Significant asset concentration may expose the utility to poor performance, unscheduled outages or premature shutdowns, and large deferrals or regulatory assets that may need to be written off for the utility to remain competitive. Also, nuclear facilities tend to represent significant portions of their operators' generating capability and assets. The loss of a productive nuclear unit from both power supply and rate base can interrupt the revenue stream and create substantial additional costs for repairs and improvements and replacement power. The ability to keep these stations running smoothly and economically directly influences the ability to meet electric demand, the stability of revenues and costs, and, by extension, the ability to maintain adequate creditworthiness. Thus, economic operation, safe operation, and long-term operation are examined in depth. Specifically, emphasis is placed on operation and maintenance costs, busbar costs, fuel costs, refueling outages, forced outages, plant statistics, NRC evaluations, the potential need for repairs, operating licenses, decommissioning estimates and amounts held in external trusts, spent fuel storage capacity, and management's nuclear experi-

ence. In essence, favorable nuclear operations offer significant opportunities but, if a nuclear unit runs poorly or not at all, the attendant risks can be great.

#### **Operations of gas utilities**

For gas pipeline and distribution companies, the degree of plant utilization, the physical condition of the mains and lines, adequacy of storage to meet seasonal needs, "lost and unaccounted for" gas levels, and per-unit nongas operating and construction costs are important factors. Efficiency statistics such as load factor, operating costs per customer, and operating income per employee are also evaluated in comparison to other utilities and the industry as a whole.

#### **Operations of water utilities**

As a group, water utilities are continually upgrading their physical plant to satisfy regulations and to develop additional supply. Over the next decade, water systems will increasingly face the task of maintaining compliance, as drinking water regulations change and infrastructure ages. Given that the Safe Drinking Water Act was authorized in 1974, the first generation of treatment plants built to conform with these rules are almost 20 years old. Additionally, because the focus during this period was on satisfying environmental standards, deferred maintenance of distribution systems has been common, especially in older urban areas. The increasing cost of supplying treated water argues against the high level of unaccounted for water witnessed in the industry. Consequently, Standard & Poor's anticipates capital plans for rebuilding distribution lines and major renewal and replacement efforts aimed at treatment plants.

#### **Operations of telephone companies**

For telephone companies, cost-of-service analysis focuses on plant capability and measures of efficiency and quality of service. Plant capability is ascertained by looking at such parameters as percentage of digitally switched lines; fiber optic deployment, in particular in those portions of the plant key to network survival; and the degree of broadband capacity fiber and coaxial deployment and broadband switching capacity. Efficiency measures include operating margins, the ratio of employees per 10,000 access lines, and the extent of network and operations consolidation. Quality of service encompasses examination of quantitative measures, such as trouble reports and repeat service calls, as well as an assessment of qualitative factors, that may include service quality goals mandated by regulators.

### **Regulation**

Regulatory rate-setting actions are reviewed on a case-by-case basis with regard to the potential effect on creditworthiness. Regulators' authorizing high rates of return is of little value unless the returns are earnable. Furthermore, allowing high returns based on noncash items does not benefit bondholders. Also, to be viewed positively, regulatory treatment should allow consistent performance from

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period to period, given the importance of financial stability as a rating consideration.

The utility group meets frequently with commission and staff members, both at Standard & Poor's offices and at commission headquarters, demonstrating the importance Standard & Poor's places on the regulatory arena for credit quality evaluation. Input from these meetings and from review of rate orders and their impact weigh heavily in Standard & Poor's analysis.

Standard & Poor's does not "rate" regulatory commissions. State commissions typically regulate a number of diverse industries, and regulatory approaches to different types of companies often differ within a single regulatory jurisdiction. This makes it all but impossible to develop inclusive "ratings" for regulators.

Standard & Poor's evaluation of regulation also encompasses the administrative, judicial, and legislative processes involved in state and federal regulation. These can affect rate-setting activities and other aspects of the business, such as competitive entry, environmental and safety rules, facility siting, and securities sales.

As the utility industry faces an increasingly deregulated environment, alternatives to traditional rate-making are becoming more critical to the ability of utilities to effectively compete, maintain earnings power, and sustain creditor protection. Thus, Standard & Poor's focuses on whether regulators, both state and federal, will help or hinder utilities as they are exposed to greater competition. There is much that regulators can do, from allocating costs to more captive customers to allowing pricing flexibility—and sometimes just stepping out of the way.

Under traditional rate-making, rates and earnings are tied to the amount of invested capital and the cost of capital. This can sometimes reward companies more for justifying costs than for containing them. Moreover, most current regulatory policies do not permit utilities to be flexible when responding to competitive pressures of a deregulated market. Lack of flexible tariffs for electric utilities may lure large customers to wheel cheaper power from other sources.

In general, a regulatory jurisdiction is viewed favorably if it permits earning a return based on the ability to sustain rates at competitive levels. In addition to performance-based rewards or penalties, flexible plans could include market-based rates, price caps, index-based prices, and rates premised on the value of customer service. Such rates more closely mirror the competitive environment that utilities are confronting.

#### Electric industry regulation

The ability to enter into long-term arrangements at negotiated rates without having to seek regulatory approval for each contract is also important in the electric industry. (While contracting at reduced rates constrains financial performance, it lessens the potential adverse impact in the event of retail wheeling. Since revenue losses associated with this strategy are not likely to be recovered from rate-payers, utilities must control costs well enough to remain

competitive if they are to sustain current levels of bondholder protection.)

#### Natural gas industry regulation

In the gas industry, too, several state commission policies weigh heavily in the evaluation of regulatory support. Examples include stabilization mechanisms to adjust revenues for changes in weather or the economy, rate and service unbundling decisions, revenue and cost allocation between sales and transportation customers, flexible industrial rates, and the general supportiveness of construction costs and gas purchases.

#### Water industry regulation

In all water utility activities, federal and state environmental regulations continue to play a critical role. The legislative timetable to effect the 1986 amendments to the Safe Drinking Water Act of 1974 was quite aggressive. But environmental standards-setting has actually slowed over the past couple of years due largely to increasing sentiment that the stringent, costly standards have not been justified on the basis of public health. A moratorium on the promulgation of significant new environmental rules is anticipated.

#### Telecommunications industry regulation

Despite the advances in telecommunications deregulation, analysis of regulation of telephone operators will continue to be a key rating determinant for the foreseeable future. The method of regulation may be either classic rate-based rate of return or some form of price cap mechanism. The most important factor is to assess whether the regulatory framework—no matter which type—provides sufficient financial incentive to encourage the rated company to maintain its quality of service and to upgrade its plant to accommodate new services while facing increasing competition from wireless operators and cable television companies.

Where regulators do still set tariffs based on an authorized return, Standard & Poor's strives to explore with regulators their view of the rate-of-return components that can materially impact reported versus regulatory earnings. Specifically these include the allowable base upon which the authorized return can be earned, allowable expenses, and the authorized return. Since regulatory oversight runs the gamut from strict, adversarial relationships with the regulated operating companies to highly supportive postures, Standard & Poor's probes beyond the apparent regulatory environment to ascertain the actual impact of regulation on the rated company.

#### Management

Evaluating the management of a utility is of paramount importance to the analytical process since management's abilities and decisions affect all areas of a company's operations. While regulation, the economy, and other outside factors can influence results, it is ultimately the quality of management that determines the success of a company.

With emerging competition, utility management will be more closely scrutinized by Standard & Poor's and will become an increasingly critical component of the credit evaluation. Management strategies can be the key determinant in differentiating utilities and in establishing where companies lie on the business position spectrum. It is imperative that managements be adaptable, aggressive, and proactive if their utilities are to be viable in the future; this is especially important for utilities that are currently uncompetitive.

The assessment of management is accomplished through meetings, conversations, and reviews of company plans. It is based on such factors as tenure, industry experience, grasp of industry issues, knowledge of customers and their needs, knowledge of competitors, accounting and financing practices, and commitment to credit quality. Management's ability and willingness to develop workable strategies to address their systems' needs, to deal with the competitive pressures of free market, to execute reasonable and effective long-term plans, and to be proactive in leading their utilities into the future are assessed. Management quality is also indicated by thoughtful balancing of public and private priorities, a record of credibility, and effective communication with the public, regulatory bodies, and the financial community. Boards of directors will receive ever more attention with respect to their role in setting appropriate management incentives.

With competition the watchword, Standard & Poor's also focuses on management's efforts to enhance financial condition. Management can bolster bondholder protection by taking any number of discretionary actions, such as selling common equity, lowering the common dividend payout, and paying down debt. Also important for the electric industry will be creativity in entering into strategic alliances and working partnerships that improve efficiency, such as central dispatching for a number of utilities or locking up at-risk customers through long-term contracts or expanded flexible pricing agreements. Proactive management teams will also seek alternatives to traditional rate-base, rate-of-return rate-making, move to adopt higher depreciation rates for generating facilities, segment customers by individual market preferences, and attempt to create superior service organizations.

In general, management's ability to respond to mounting competition and changes in the utility industry in a swift and appropriate manner will be necessary to maintain credit health.

### ***Fuel, power, and water supply***

Assessment of present and prospective fuel and power supply is critical to every electric utility analysis, while gauging the long-term natural gas supply position for gas pipeline and distribution companies and the water resources of a water utility is equally important. There is no similar analytical category for telephone utilities.

#### **Electric utilities**

For electric utilities emphasis is placed on generating

reserve margins, fuel mix, fuel contract terms, demand-side management techniques, and purchased power arrangements. The adequacy of generating margins is examined nationally, regionally, and for each individual company. However, the reserve margin picture is muddied by the imprecise nature of peak-load growth forecasting, and also supply uncertainty relating to such things as Canadian capacity availability and potential plant shut-downs due to age, new NRC rules, acid rain remedies, fuel shortages, problems associated with nontraditional technologies, and so forth. Even apparently ample reserves may not be what they seem. Moreover, the quality of capacity is just as important as the size of reserves. Companies' reserve requirements differ, depending upon individual operating characteristics.

Fuel diversity provides flexibility in a changing environment. Supply disruptions and price hikes can raise rates and ignite political and regulatory pressures that ultimately lead to erosion in financial performance. Thus, the ability to alter generating sources and take advantage of lower cost fuels is viewed favorably.

Dependence on any single fuel means exposure to that fuel's problems: electric utilities that rely on oil or gas face the potential for shortages and rapid price increases; utilities that own nuclear generating facilities face escalating costs for decommissioning; and coal-fired capacity entails environmental problems stemming from concerns over acid rain and the "greenhouse effect."

Buying power from neighboring utilities, qualifying facility projects, or independent power producers may be the best choice for a utility that faces increasing electricity demand. There has been a growing reliance on purchased power arrangements as an alternative to new plant construction. This can be an important advantage, since the purchasing utility avoids potential construction cost overruns as well as risking substantial capital. Also, utilities can avoid the financial risks typical of a multiyear construction program that are caused by regulatory lag and prudence reviews. Furthermore, purchased power may enhance supply flexibility, fuel resource diversity, and maximize load factors. Utilities that plan to meet demand projections with a portfolio of supply-side options also may be better able to adapt to future growth uncertainties. Notwithstanding the benefits of purchasing, such a strategy has risks associated with it. By entering into a firm long-term purchased power contract that contains a fixed-cost component, utilities can incur substantial market, operating, regulatory, and financial risks. Moreover, regulatory treatment of purchased power removes any upside potential that might help offset the risks. Utilities are not compensated through incentive rate-making; rather, purchased power is recovered dollar-for-dollar as an operating expense.

To analyze the financial impact of purchased power, Standard & Poor's first calculates the net present value of future annual capacity payments (discounted at 10%). This represents a potential debt equivalent—the off-balance-sheet obligation that a utility incurs when it enters into a long-term purchased power contract. However, Standard

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& Poor's adds to the utility's balance sheet only a portion of this amount, recognizing that such a contractual arrangement is not entirely the equivalent of debt. What percentage is added is a function of Standard & Poor's qualitative analysis of the specific contract and the extent to which market, operating, and regulatory risks are borne by the utility (the risk factor). For unconditional, take-or-pay contracts, the risk factor range is from 40%-80%, with the average hovering around 60%. A lower risk factor is typically assigned for system purchases from coal-fired utilities and a higher risk factor is usually designated for unit-specific nuclear purchases. The range for take-and-pay performance obligations is between 10%-50%.

#### Gas utilities

For gas distribution utilities, long-term supply adequacy obviously is critical, but the supply role has become even more important in credit analysis since the Federal Energy Regulatory Commission's Order 636 eliminated the interstate pipeline merchant business. This thrust gas supply responsibilities squarely on local gas distributors. Standard & Poor's has always believed distributor management has the expertise and wherewithal to perform the job well, but the risks are significant since gas costs are such a large percentage of total utility costs. In that regard, it is important for utilities to get preapprovals of supply plans by state regulators or at least keep the staff and commissioners well informed. To minimize risks, a well-run program would diversify gas sources among different producers or marketers, different gas basins in the U.S. and Canada, and different pipeline routes. Also, purchase contracts should be firm, with minimal take-or-pay provisions, and have prices tied to an industry index. A modest percentage of fixed-price gas is not unreasonable. Contracts, whether of gas purchases or pipeline capacity, should be intermediate term. Staggering contract expirations (preferably annually) provides an opportunity to be an active market player. A modest degree of reliance on spot purchases provides flexibility, as does the use of market-based storage. Gas storage and on-property gas resources such as liquefied natural gas or propane air are effective peak-day and peak-season supply management tools.

Since pipeline companies no longer buy and sell natural gas and are just common carriers, connections with varied reserve basins and many wells within those basins are of great importance. Diversity of sources helps offset the risks arising from the natural production declines eventually experienced by all reserve basins and individual wells. Moreover, such diversity can enhance a pipeline's attractiveness as a transporter of natural gas to distributors and end users seeking to buy the most economical gas available for their needs.

#### Water utilities

Nearly all water systems throughout the U.S. have ample long-term water supplies. Yet to gain comfort, Standard & Poor's assesses the production capability of treatment plants and the ability to pump water from underground aquifers in relation to the usage demands from consumers.

Having adequate treated water storage facilities has become important in recent years and has helped many systems meet demands during peak summer periods. Of interest is whether the resources are owned by the utility or purchased from other utilities or local authorities. Owning properties with water rights provides more supply security. This is especially so in states like California where water allocations are being reduced, particularly since recent droughts and environmental issues have created alarm. Since the primary cost for water companies is treatment, it makes little difference whether raw water is owned or bought. In fact, compliance with federal and state water regulations is very high, and the overall cost to deliver treated water to consumers remains relatively affordable.

#### Asset concentration in the electric utility industry

In the electric industry, Standard & Poor's follows the operations of major generating facilities to assess if they are well managed or troubled. Significant dependence on one generating facility or a large financial investment in a single asset suggests high risk. The size or magnitude of a particular asset relative to total generation, net plant in service, and common equity is evaluated. Where substantial asset concentration exists, the financial profile of a company may experience wide swings depending on the asset's performance. Heavy asset concentration is most prevalent among utilities with costly nuclear units.

#### Earnings protection

In this category, pretax cash income coverage of all interest charges is the primary ratio. For this calculation, allowance for funds used during construction (AFUDC) is removed from income and interest expense. AFUDC and other such noncash items do not provide any protection for bondholders. To identify total interest expense, the analyst reclassifies certain operating expenses. The interest component of various off-balance-sheet obligations, such as leases and some purchased-power contracts, is included in interest expense. This provides the most direct indication of a utility's ability to service its debt burden.

While considerable emphasis in assessing credit protection is placed on coverage ratios, this measure does not provide the entire earnings protection picture. Also important are a company's earned returns on both equity and capital, measures that highlight a firm's earnings performance. Consideration is given to the interaction of embedded costs, financial leverage, and pretax return on capital.

#### Capital structure

Analyzing debt leverage goes beyond the balance sheet and covers quasi-debt items and elements of hidden financial leverage. Noncapitalized leases (including sale/leaseback obligations), debt guarantees, receivables financing, and purchased-power contracts are all considered debt equivalents and are reflected as debt in calculating capital

structure ratios. By making debt level adjustments, the analyst can compare the degree of leverage used by each utility company.

Furthermore, assets are examined to identify undervalued or overvalued items. Assets of questionable value are discounted to more accurately evaluate asset protection.

Some firms use short-term debt as a permanent piece of their capital structure. Short-term debt also is considered part of permanent capital when it is used as a bridge to permanent financing. Seasonal, self-liquidating debt is excluded from the permanent debt amount, but this situation is rare—with the exception of certain gas utilities. Given the long life of almost all utility assets, short-term debt may expose these companies to interest-rate volatility, remarketing risk, bank line backup risk, and regulatory exposure that cannot be readily offset. The lower cost of shorter-term obligations (assuming a positively sloped yield curve) is a positive factor that partially mitigates the risk of interest-rate variability. As a rule of thumb, a level of short-term debt that exceeds 10% of total capital is cause for concern.

Similarly, if floating-rate debt and preferred stock constitute over one-third of total debt plus preferred stock, this level is viewed as unusually high and may be cause for concern. It might also indicate that management is aggressive in its financial policies.

A layer of preferred stock in the capital structure is usually viewed as equity—since dividends are discretionary and the subordinated claim on assets provides a cushion for providers of debt capital. A preferred component of up to 10% is typically viewed as a permanent wedge in the capital structure of utilities. However, as rate-of-return regulation is phased out, preferred stock may be viewed by utilities—as many industrial firms would—as a temporary option for companies that are not current taxpayers that do not benefit from the tax deductibility of interest. Even now, floating-rate preferred and money market perpetual preferred are problematic; a rise in the rate due to deteriorating credit quality tends to induce a company to take out such preferred stock with debt. Structures that convey tax deductibility to preferred stock have become very popular and do generally afford such financings with equity treatment.

### **Cash flow adequacy**

Cash flow adequacy relates to a company's ability to generate funds internally relative to its needs. It is a basic component of credit analysis because it takes cash to pay expenses, fund capital spending, pay dividends, and make interest and principal payments. Since both common and preferred dividend payments are important to maintain capital market access, Standard & Poor's looks at cash flow measures both before and after dividends are paid.

To determine cash flow adequacy, several quantitative relationships are examined. Emphasis is placed on cash flow relative to debt, debt service requirements, and capital spending. Cash flow adequacy is evaluated with respect to a firm's ability to meet all fixed charges, including capacity payments under purchased-power contracts. Despite the conditional nature of some contracts, the purchaser is obligated to pay a minimum capacity charge. The ratio used is funds from operations plus interest and capacity payments divided by interest plus capacity payments.

### **Financial flexibility/capital attraction**

Financing flexibility incorporates a utility's financing needs, plans, and alternatives, as well as its flexibility to accomplish its financing program under stress without damaging creditworthiness. External funding capability complements internal cash flow. Especially since utilities are so capital intensive, a firm's ability to tap capital markets on an ongoing basis must be considered. Debt capacity reflects all the earlier elements: earnings protection, debt leverage, and cash flow adequacy. Market access at reasonable rates is restricted if a reasonable capital structure is not maintained and the company's financial prospects dim. The analyst also reviews indenture restrictions and the impact of additional debt on covenant tests.

Standard & Poor's assesses a company's capacity and willingness to issue common equity. This is affected by various factors, including the market-to-book ratio, dividend policy, and any regulatory restrictions regarding the composition of the capital structure.

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# U.S. Utilities Ratings Analysis Now Portrayed In The S&P Corporate Ratings Matrix

The electric, gas, and water utility ratings ranking lists published today by Standard & Poor's U.S. Utilities & Infrastructure Ratings practice are categorized under the business risk/financial risk matrix used by the Corporate Ratings group. This is designed to present our rating conclusions in a clear and standardized manner across all corporate sectors. Incorporating utility ratings into a shared framework to communicate the fundamental credit analysis of a company furthers the goals of transparency and comparability in the ratings process. Table 1 shows the matrix.

**Table 1**

Business Risk/Financial Risk					
Business Risk Profile	Financial Risk Profile				
	Minimal	Modest	Intermediate	Aggressive	Highly leveraged
Excellent	AAA	AA	A	BBB	BB
Strong	AA	A	A-	BBB-	BB-
Satisfactory	A	BBB+	BBB	BB+	B+
Weak	BBB	BBB-	BB+	BB-	B
Vulnerable	BB	B+	B+	B	B-

The utilities rating methodology remains unchanged, and the use of the corporate risk matrix has not resulted in any changes to ratings or outlooks. The same five factors that we analyzed to produce a business risk score in the familiar 10-point scale are used in determining whether a utility possesses an "Excellent," "Strong," "Satisfactory," "Weak," or "Vulnerable" business risk profile:

- Regulation,
- Markets,
- Operations,
- Competitiveness, and
- Management.

Regulated utilities and holding companies that are utility-focused virtually always fall in the upper range ("Excellent" or "Strong") of business risk profiles. The defining characteristics of most utilities—a legally defined service territory generally free of significant competition, the provision of an essential or near-essential service, and the presence of regulators that have an abiding interest in supporting a healthy utility financial profile—underpin the business risk profiles of the electric, gas, and water utilities.

As the matrix concisely illustrates, the business risk profile loosely determines the level of financial risk appropriate for any given rating. Financial risk is analyzed both qualitatively and quantitatively, mainly with financial ratios and other metrics that are calculated after various analytical adjustments are performed on financial statements prepared under GAAP. Financial risk is assessed for utilities using, in part, the indicative ratio ranges in table 2.



*U.S. Utilities Ratings Analysis Now Portrayed In The S&P Corporate Ratings Matrix*

Table 2

Financial Risk Indicative Ratios - U.S. Utilities			
(Fully adjusted, historically demonstrated, and expected to consistently continue)			
	Cash flow		Debt leverage
	(FFO/debt) (%)	(FFO/interest) (x)	(Total debt/capital) (%)
Modest	40 - 60	4.0 - 6.0	25 - 40
Intermediate	25 - 45	3.0 - 4.5	35 - 50
Aggressive	10 - 30	2.0 - 3.5	45 - 60
Highly leveraged	Below 15	2.5 or less	Over 50

The indicative ranges for utilities differ somewhat from the guidelines used for their unregulated counterparts because of several factors that distinguish the financial policy and profile of regulated entities. Utilities tend to finance with long-maturity capital and fixed rates. Financial performance is typically more uniform over time, avoiding the volatility of unregulated industrial entities. Also, utilities fare comparatively well in many of the less-quantitative aspects of financial risk. Financial flexibility is generally quite robust, given good access to capital, ample short-term liquidity, and the like. Utilities that exhibit such favorable credit characteristics will often see ratings based on the more accommodative end of the indicative ratio ranges, especially when the company's business risk profile is solidly within its category. Conversely, a utility that follows an atypical financial policy or manages its balance sheet less conservatively, or falls along the lower end of its business risk designation, would have to demonstrate an ability to achieve financial metrics along the more stringent end of the ratio ranges to reach a given rating.

Note that even after we assign a company a business risk and financial risk, the committee does not arrive by rote at a rating based on the matrix. The matrix is a guide—it is not intended to convey precision in the ratings process or reduce the decision to plotting intersections on a graph. Many small positives and negatives that affect credit quality can lead a committee to a different conclusion than what is indicated in the matrix. Most outcomes will fall within one notch on either side of the indicated rating. Larger exceptions for utilities would typically involve the influence of related unregulated entities or extraordinary disruptions in the regulatory environment.

We will use the matrix, the ranking list, and individual company reports to communicate the relative position of a company within its business risk peer group and the other factors that produce the ratings.

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PROXY GROUP OF SEVEN AUS UTILITY REPORTS WATER COMPANIES  
CAPITALIZATION AND FINANCIAL STATISTICS (1)  
2003 - 2007, INCLUSIVE

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	
	(MILLIONS OF DOLLARS)					
<b><u>CAPITALIZATION STATISTICS</u></b>						
<b><u>AMOUNT OF CAPITAL EMPLOYED</u></b>						
TOTAL PERMANENT CAPITAL	\$862.565	\$802.416	\$538.894	\$504.626	\$439.399	
SHORT-TERM DEBT	\$15.481	\$23.807	\$25.257	\$20.159	\$25.509	
TOTAL CAPITAL EMPLOYED	<u>\$878.046</u>	<u>\$826.223</u>	<u>\$564.150</u>	<u>\$524.785</u>	<u>\$464.909</u>	
<b><u>INDICATED AVERAGE CAPITAL COST RATES (2)</u></b>						
TOTAL DEBT	6.33 %	6.57 %	6.28 %	6.28 %	6.25 %	
PREFERRED STOCK	5.30	5.30	4.93	4.35	3.55	
						5 YEAR AVERAGE
<b><u>CAPITAL STRUCTURE RATIOS</u></b>						
<b><u>BASED ON TOTAL PERMANENT CAPITAL:</u></b>						
LONG-TERM DEBT	48.89 %	46.88 %	49.55 %	49.79 %	50.13 %	49.05 %
PREFERRED STOCK	0.32	0.32	0.37	0.41	0.55	0.39
COMMON EQUITY	<u>50.79</u>	<u>52.80</u>	<u>50.08</u>	<u>49.80</u>	<u>49.32</u>	<u>50.56</u>
TOTAL	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>
<b><u>BASED ON TOTAL CAPITAL:</u></b>						
TOTAL DEBT, INCLUDING SHORT-TERM	49.91 %	48.00 %	50.97 %	51.07 %	52.55 %	50.50 %
PREFERRED STOCK	0.31	0.32	0.36	0.40	0.53	0.39
COMMON EQUITY	<u>49.78</u>	<u>51.68</u>	<u>49.67</u>	<u>48.53</u>	<u>48.92</u>	<u>49.11</u>
TOTAL	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>
<b><u>FINANCIAL STATISTICS</u></b>						
<b><u>FINANCIAL RATIOS - MARKET BASED</u></b>						
EARNINGS / PRICE RATIO	2.91 %	3.78 %	4.02 %	4.25 %	4.46 %	3.88 %
MARKET / AVERAGE BOOK RATIO	248.42	268.20	250.46	228.31	224.84	243.65
DIVIDEND YIELD	2.47	2.35	2.61	3.16	3.09	2.74
DIVIDEND PAYOUT RATIO	44.39	65.76	65.47	71.22	75.61	64.49
<b><u>RATE OF RETURN ON AVERAGE BOOK COMMON EQUITY</u></b>	7.34 %	9.98 %	9.79 %	9.47 %	9.75 %	9.27 %
<b><u>FUNDS FROM OPERATIONS / INTEREST COVERAGE (3)</u></b>	3.74 X	4.24 X	4.09 X	4.29 X	3.90 X	4.05 X
<b><u>FUNDS FROM OPERATIONS / TOTAL DEBT (4)</u></b>	16.49 %	20.74 %	19.20 %	19.85 %	18.00 %	18.66 %
<b><u>TOTAL DEBT / TOTAL CAPITAL</u></b>	49.91 %	48.00 %	50.97 %	51.07 %	52.55 %	50.50 %

See Page 2 for notes.

Proxy Group of Seven AUS Utility Reports Water Companies  
Capitalization and Financial Statistics  
2003-2007, Inclusive

Notes:

- (1) All capitalization and financial statistics for the group are the arithmetic average of the achieved results for each individual company in the group, and are based upon financial statements as originally reported in each year.
- (2) Computed by relating actual total debt interest or preferred stock dividends booked to average of beginning and ending total debt or preferred stock reported to be outstanding.
- (3) Funds from operations (sum of net income, depreciation, amortization, net deferred income tax and investment tax credits, less total AFUDC) plus interest charges divided by interest charges.
- (4) Funds from operations (as defined in Note 3) as a percentage of total debt.

Selection Criteria:

The basis of selection was to include those water companies: 1) which are included in the Water Company Group of AUS Utility Reports (January 2009); 2) which have Value Line five-year EPS growth rate projections or Reuters consensus five-year EPS growth rate projections; 3) which have a Value Line adjusted beta as published in Value Line Investment Survey; 4) which have not cut or omitted their common dividends during the five years ending 2007 or through the time of the preparation of this testimony; 5) which have 60% or greater of total net operating income derived from and 60% or greater of total assets devoted to regulated water operations; and 5) which at the time of the preparation of Ms. Ahern's accompanying direct testimony, had not publicly announced that they were involved in any major merger or acquisition activity.

The following seven water companies met the above criteria:

American States Water Co.  
Aqua America, Inc.  
California Water Service Group  
Middlesex Water Company  
SJW Corporation  
Southwest Water Co.  
York Water Co.

Source of Information: Standard & Poor's Compustat Services, Inc., PC Plus / Research  
Insight Database  
EDGAR Online's I-Matrix Database  
Company Annual Forms 10K

Capital Structure Based upon Total Permanent Capital for  
the Proxy Group of Seven AUS Utility Reports Water Companies  
for the Years 2003 through 2007.

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>5 Year Average</u>
<u>American States Water Co.</u>						
Long-Term Debt	48.89 %	48.61 %	50.46 %	48.83 %	52.05 %	49.41 %
Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00
Common Equity	<u>53.01</u>	<u>51.39</u>	<u>49.54</u>	<u>51.07</u>	<u>47.95</u>	<u>50.58</u>
Total Capital	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %
<u>Aqua America, Inc.</u>						
Long-Term Debt	55.88 %	51.58 %	52.61 %	52.72 %	52.76 %	53.11 %
Preferred Stock	0.09	0.10	0.09	0.08	0.07	0.08
Common Equity	<u>44.03</u>	<u>48.34</u>	<u>47.30</u>	<u>47.20</u>	<u>47.17</u>	<u>48.81</u>
Total Capital	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %
<u>California Water Service Group</u>						
Long-Term Debt	42.86 %	43.47 %	48.07 %	48.86 %	52.41 %	47.09 %
Preferred Stock	0.51	0.50	0.61	0.61	0.67	0.58
Common Equity	<u>56.63</u>	<u>56.01</u>	<u>51.32</u>	<u>50.73</u>	<u>46.92</u>	<u>52.32</u>
Total Capital	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %
<u>Middlesex Water Company</u>						
Long-Term Debt	49.48 %	49.98 %	55.68 %	53.99 %	54.05 %	52.64 %
Preferred Stock	1.46	1.49	1.70	1.88	2.23	1.75
Common Equity	<u>49.06</u>	<u>48.53</u>	<u>42.62</u>	<u>44.13</u>	<u>43.72</u>	<u>45.61</u>
Total Capital	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %
<u>SJW Corp.</u>						
Long-Term Debt	47.79 %	41.83 %	42.63 %	43.77 %	45.64 %	44.34 %
Preferred Stock	0.01	0.01	0.02	0.04	0.05	0.02
Common Equity	<u>52.20</u>	<u>58.16</u>	<u>57.35</u>	<u>56.19</u>	<u>54.31</u>	<u>55.64</u>
Total Capital	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %
<u>Southwest Water Company</u>						
Long-Term Debt	48.06 %	43.85 %	46.67 %	48.53 %	48.50 %	47.12 %
Preferred Stock	0.15	0.15	0.17	0.28	0.85	0.32
Common Equity	<u>51.79</u>	<u>56.00</u>	<u>53.16</u>	<u>51.19</u>	<u>50.65</u>	<u>52.56</u>
Total Capital	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %
<u>York Water Company</u>						
Long-Term Debt	51.17 %	48.82 %	50.71 %	51.94 %	45.53 %	49.63 %
Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00
Common Equity	<u>48.83</u>	<u>51.18</u>	<u>49.29</u>	<u>48.08</u>	<u>54.47</u>	<u>50.37</u>
Total Capital	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %
<u>Proxy Group of Seven AUS Utility Reports Water Companies</u>						
Long-Term Debt	48.89 %	46.87 %	49.55 %	49.79 %	50.13 %	49.05 %
Preferred Stock	0.32	0.32	0.37	0.41	0.55	0.39
Common Equity	<u>50.79</u>	<u>52.81</u>	<u>50.08</u>	<u>49.80</u>	<u>49.32</u>	<u>50.56</u>
Total Capital	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %

Source of Information:  
Standard & Poor's Compustat Services, Inc., PC Plus / Research Insight Data Base  
EDGAR Online's I-Matrix Database  
Annual Forms 10-K

**PROXY GROUP OF TEN AUS UTILITY REPORTS NATURAL GAS DISTRIBUTION COMPANIES**  
**CAPITALIZATION AND FINANCIAL STATISTICS (1)**  
**2003 - 2007, INCLUSIVE**

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	
	(MILLIONS OF DOLLARS)					
<b><u>CAPITALIZATION STATISTICS</u></b>						
<b><u>AMOUNT OF CAPITAL EMPLOYED</u></b>						
TOTAL PERMANENT CAPITAL	\$1,448.561	\$1,407.335	\$1,320.085	\$1,276.164	\$1,068.088	
SHORT-TERM DEBT	<u>\$207.121</u>	<u>\$202.612</u>	<u>\$185.604</u>	<u>\$165.975</u>	<u>\$225.815</u>	
TOTAL CAPITAL EMPLOYED	<u>\$1,655.682</u>	<u>\$1,609.947</u>	<u>\$1,505.669</u>	<u>\$1,442.139</u>	<u>\$1,293.903</u>	
<b><u>INDICATED AVERAGE CAPITAL COST RATES (2)</u></b>						
TOTAL DEBT	5.80 %	6.15 %	5.69 %	5.32 %	5.46 %	
PREFERRED STOCK	0.97	0.96	0.96	0.96	1.67	
						5 YEAR AVERAGE
<b><u>CAPITAL STRUCTURE RATIOS</u></b>						
<b>BASED ON TOTAL PERMANENT CAPITAL:</b>						
LONG-TERM DEBT	45.70 %	46.58 %	47.71 %	48.81 %	48.77 %	47.51 %
PREFERRED STOCK	0.32	0.32	0.32	0.35	0.24	0.31
COMMON EQUITY	<u>53.98</u>	<u>53.10</u>	<u>51.97</u>	<u>50.84</u>	<u>50.99</u>	<u>52.18</u>
TOTAL	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>
<b>BASED ON TOTAL CAPITAL:</b>						
TOTAL DEBT, INCLUDING SHORT-TERM	52.72 %	53.94 %	54.18 %	54.94 %	57.76 %	54.71 %
PREFERRED STOCK	0.29	0.28	0.30	0.32	0.21	0.28
COMMON EQUITY	<u>46.99</u>	<u>45.78</u>	<u>45.52</u>	<u>44.74</u>	<u>42.03</u>	<u>45.01</u>
TOTAL	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>
<b><u>FINANCIAL STATISTICS</u></b>						
<b><u>FINANCIAL RATIOS - MARKET BASED</u></b>						
EARNINGS / PRICE RATIO	6.13 %	6.51 %	6.16 %	6.24 %	7.18 %	6.44 %
MARKET / AVERAGE BOOK RATIO	193.40	192.35	194.24	182.84	171.46	186.86
DIVIDEND YIELD	3.50	3.77	3.84	4.00	4.71	3.96
DIVIDEND PAYOUT RATIO	60.03	59.07	62.54	68.67	66.22	63.31
<b><u>RATE OF RETURN ON AVERAGE BOOK COMMON EQUITY</u></b>	11.80 %	12.58 %	12.16 %	11.40 %	12.44 %	12.08 %
<b><u>FUNDS FROM OPERATIONS / INTEREST COVERAGE (3)</u></b>	4.89 X	4.18 X	4.42 X	5.17 X	5.53 X	4.84 X
<b><u>FUNDS FROM OPERATIONS / TOTAL DEBT (4)</u></b>	21.63 %	18.77 %	18.87 %	20.86 %	21.60 %	20.35 %
<b><u>TOTAL DEBT / TOTAL CAPITAL</u></b>	52.72 %	53.94 %	54.18 %	54.94 %	57.76 %	54.71 %

See Page 2 for notes.

Proxy Group of Ten AUS Utility Reports Natural Gas Distribution Companies  
Capitalization and Financial Statistics  
2003-2007, Inclusive

Notes:

- (1) All capitalization and financial statistics for the group are the arithmetic average of the achieved results for each individual company in the group, and are based upon financial statements as originally reported in each year.
- (2) Computed by relating actual total debt interest or preferred stock dividends booked to average of beginning and ending total debt or preferred stock reported to be outstanding.
- (3) Funds from operations (sum of net income, depreciation, amortization, net deferred income tax and investment tax credits, less total AFUDC) plus interest charges divided by interest charges.
- (4) Funds from operations (as defined in Note 3) as a percentage of total debt.

Selection Criteria:

The basis of selection was to include those gas distribution companies: 1) which are included in the Natural Gas Distribution & Integrated Natural Gas Company Group of AUS Utility Reports (January 2009); 2) which have Value Line five-year EPS growth rate projections or Reuters consensus five-year EPS growth rate projections; 3) which have a Value Line adjusted beta as published in Value Line Investment Survey; 4) which have not cut or omitted their common dividends during the five years ending 2007 or through the time of the preparation of this testimony; 5) which have 60% or greater of total net operating income derived from and 60% or greater of total assets devoted to regulated gas distribution operations; and 5) which at the time of the preparation of Ms. Ahern's accompanying direct testimony, had not publicly announced that they were involved in any major merger or acquisition activity.

The following ten gas distribution companies met the above criteria:

AGL Resources, Inc.	Northwest Natural Gas Company
Delta Natural Gas Company	Piedmont Natural Gas Co., Inc.
Laclede Group, Inc.	South Jersey Industries, Inc.
New Jersey Resources Corp.	Southwest Gas Corporation
NICOR Inc.	WGL Holdings, Inc.

Source of Information: Standard & Poor's Compustat Services, Inc., PC Plus / Research  
Insight Database  
EDGAR Online's I-Metrix Database  
Company Annual Forms 10K

**Capital Structure Based upon Permanent Capital for  
the Proxy Group of Ten AUS Utility Reports Natural Gas Distribution Companies  
for the Years 2003 through 2007**

	2007	2006	2005	2004	2003	5 YEAR AVERAGE
<b>AGL Resources, Inc.</b>						
Long-Term Debt	49.50 %	49.55 %	51.24 %	53.32 %	52.22 %	51.17 %
Preferred Stock	1.39	1.28	1.21	1.18	0.00	1.01
Common Equity	<u>49.11</u>	<u>49.16</u>	<u>47.55</u>	<u>45.50</u>	<u>47.78</u>	<u>47.82</u>
Total Capital	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %
<b>Delta Natural Gas Company</b>						
Long-Term Debt	52.36 %	53.28 %	51.69 %	52.83 %	54.52 %	52.94 %
Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00
Common Equity	<u>47.64</u>	<u>46.72</u>	<u>48.31</u>	<u>47.17</u>	<u>45.48</u>	<u>47.06</u>
Total Capital	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %
<b>The Laclede Group, Inc.</b>						
Long-Term Debt	47.86 %	49.49 %	50.86 %	53.16 %	50.35 %	50.37 %
Preferred Stock	0.10	0.12	0.13	0.16	0.21	0.14
Common Equity	<u>51.84</u>	<u>50.39</u>	<u>49.00</u>	<u>46.68</u>	<u>49.44</u>	<u>49.49</u>
Total Capital	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %
<b>New Jersey Resources Corporation</b>						
Long-Term Debt	37.54 %	35.09 %	42.25 %	42.34 %	38.33 %	39.11 %
Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00
Common Equity	<u>62.46</u>	<u>64.91</u>	<u>57.75</u>	<u>57.66</u>	<u>61.67</u>	<u>60.89</u>
Total Capital	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %
<b>NICOR Inc.</b>						
Long-Term Debt	34.52 %	36.34 %	39.80 %	39.89 %	39.70 %	38.05 %
Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00
Common Equity	<u>65.48</u>	<u>63.66</u>	<u>60.20</u>	<u>60.11</u>	<u>60.30</u>	<u>61.95</u>
Total Capital	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %
<b>Northwest Natural Gas Company</b>						
Long-Term Debt	46.50 %	47.89 %	47.43 %	46.75 %	49.70 %	47.81 %
Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00
Common Equity	<u>53.50</u>	<u>52.31</u>	<u>52.57</u>	<u>53.25</u>	<u>50.30</u>	<u>52.39</u>
Total Capital	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %
<b>Piedmont Natural Gas Company, Inc.</b>						
Long-Term Debt	48.43 %	48.30 %	42.74 %	43.57 %	42.30 %	45.07 %
Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00
Common Equity	<u>51.57</u>	<u>51.70</u>	<u>57.26</u>	<u>56.43</u>	<u>57.70</u>	<u>54.93</u>
Total Capital	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %
<b>South Jersey Industries, Inc.</b>						
Long-Term Debt	42.64 %	44.83 %	45.08 %	49.11 %	51.17 %	46.57 %
Preferred Stock	0.05	0.06	0.06	0.28	0.28	0.14
Common Equity	<u>57.30</u>	<u>55.11</u>	<u>54.86</u>	<u>50.60</u>	<u>48.55</u>	<u>53.29</u>
Total Capital	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %
<b>Southwest Gas Corporation</b>						
Long-Term Debt	59.80 %	61.07 %	65.21 %	64.69 %	66.07 %	63.17 %
Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00
Common Equity	<u>41.20</u>	<u>38.93</u>	<u>34.79</u>	<u>35.31</u>	<u>33.93</u>	<u>36.83</u>
Total Capital	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %
<b>WGL Holdings, Inc.</b>						
Long-Term Debt	38.72 %	40.14 %	40.75 %	42.47 %	43.39 %	41.10 %
Preferred Stock	1.71	1.78	1.81	1.84	1.88	1.80
Common Equity	<u>59.57</u>	<u>58.08</u>	<u>57.44</u>	<u>55.69</u>	<u>54.72</u>	<u>57.10</u>
Total Capital	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %
<b>Average Proxy Group of Ten AUS Natural Gas Distribution</b>						
Long-Term Debt	45.70 %	46.58 %	47.71 %	48.81 %	48.78 %	47.51 %
Preferred Stock	0.32	0.32	0.32	0.35	0.24	0.31
Common Equity	<u>53.98</u>	<u>53.10</u>	<u>51.97</u>	<u>50.84</u>	<u>50.99</u>	<u>52.18</u>
Total Capital	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %

Source of Information:  
Standard & Poor's Compustat Services, Inc., PC Plus / Research Insight Data Base  
EDGAR Online's I-Matrix Database  
Annual Forms 10-K



**Water Service Corporation of Kentucky**  
**Indicated Common Equity Cost Rate Through Use of the**  
**Single Stage Discounted Cash Flow Model for**  
**the Proxy Group of Seven AUS Utility Reports Water Companies**  
**and the Proxy Group of Ten AUS Utility Reports Natural Gas Distribution Companies**

Based upon Historical and Projected Growth in DPS, EPS, and BR+SV

	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
	Average Dividend Yield (1)	Dividend Growth Component (2)	Adjusted Dividend Yield (3)	Growth Rate (4)	Indicated Common Equity Cost Rate (5)
<b>Proxy Group of Seven AUS Utility Reports Water Companies</b>					
American States Water Co.	2.93 %	0.08 %	3.01 %	5.63 %	8.64 %
Aqua America, Inc.	2.68	0.09	2.77	6.75	9.52
California Water Service Group	4.10	0.11	4.21	5.21	9.42
Middlesex Water Company	2.22	0.05	2.27	4.76	7.03
SJW Corp.	6.25	0.31	6.56	9.88	16.44
Southwest Water Company	2.57	0.13	2.70	9.76	12.46
York Water Company	<u>4.12</u>	<u>0.13</u>	<u>4.26</u>	<u>6.42</u>	<u>10.67</u>
Average	<u>3.65 %</u>	<u>0.13 %</u>	<u>3.68 %</u>	<u>6.92 %</u>	<u>10.60 %</u>
Median	<u>2.93 %</u>	<u>0.11 %</u>	<u>3.01 %</u>	<u>6.42 %</u>	<u>9.52 %</u>

Based upon Projected Growth in EPS

	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
	Average Dividend Yield (1)	Dividend Growth Component (2)	Adjusted Dividend Yield (3)	Growth Rate (4)	Indicated Common Equity Cost Rate (5)
<b>Proxy Group of Seven AUS Utility Reports Water Companies</b>					
American States Water Co.	2.93 %	0.13 %	3.06 %	9.00 %	12.06 %
Aqua America, Inc.	2.68	0.10	2.78	7.50	10.28
California Water Service Group	4.10	0.18	4.28	9.00	13.28
Middlesex Water Company	2.22	0.09	2.31	8.00	10.31
SJW Corp.	6.25	0.39	6.64	12.50	19.14
Southwest Water Company	2.57	0.16	2.73	12.25	14.98
York Water Company	<u>4.12</u>	<u>0.16</u>	<u>4.28</u>	<u>8.00</u>	<u>12.28</u>
Average	<u>3.65 %</u>	<u>0.17 %</u>	<u>3.73 %</u>	<u>9.46 %</u>	<u>13.19 %</u>
Median	<u>2.93 %</u>	<u>0.16 %</u>	<u>3.06 %</u>	<u>9.00 %</u>	<u>12.28 %</u>

	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
	Average Dividend Yield (1)	Dividend Growth Component (2)	Adjusted Dividend Yield (3)	Growth Rate (4)	Indicated Common Equity Cost Rate (5)
<b>Proxy Group of Ten AUS Utility Reports Gas Distribution Companies</b>					
AGL Resources, Inc.	5.40 %	0.14 %	5.54 %	5.00 %	10.54 %
Delta Natural Gas Company	5.23	0.08	5.31	3.00	8.31
Laclede Group, Inc.	4.98	0.11	5.09	4.50	9.59
New Jersey Resources Corp.	3.13	0.12	3.25	7.75	11.00
NICOR Inc.	3.02	0.05	3.08	4.15	7.23
Northwest Natural Gas Company	3.43	0.11	3.54	6.50	10.04
Piedmont Natural Gas Co., Inc.	3.25	0.13	3.38	7.80	11.28
South Jersey Industries, Inc.	2.93	0.11	3.04	7.25	10.29
Southwest Gas Corporation	3.53	0.10	3.63	5.75	9.38
WGL Holdings, Inc.	<u>4.28</u>	<u>0.07</u>	<u>4.35</u>	<u>3.50</u>	<u>7.85</u>
Average	<u>3.92 %</u>	<u>0.10 %</u>	<u>4.02 %</u>	<u>5.53 %</u>	<u>9.55 %</u>
Median	<u>3.48 %</u>	<u>0.11 %</u>	<u>3.59 %</u>	<u>5.38 %</u>	<u>9.82 %</u>

Conclusion

<b>Proxy Group of Seven AUS Utility Reports Water Companies</b>					
Average					<u>11.90 %</u>
Median					<u>10.90 %</u>

<b>Proxy Group of Ten AUS Utility Reports Gas Distribution Companies</b>					
Average					<u>9.55 %</u>
Median					<u>9.82 %</u>

Notes:

- (1) From Schedule PMA-6 of this Exhibit.
- (2) This reflects a growth rate component equal to one-half the conclusion of growth rate (from page 1 of Schedule PMA-9 of this Exhibit) x Column 1 to reflect the periodic payment of dividends (Gordon Model) as opposed to the continuous payment. Thus, for American States Water Co.,  $2.83\% \times (1/2 \times 5.63\%) = 0.08\%$ .
- (3) Column 1 + Column 2.
- (4) From page 1 Schedule PMA-8 of this Exhibit.
- (5) Column 3 + Column 4.

Water Service Corporation of Kentucky  
Derivation of Dividend Yield for Use in the  
Discounted Cash Flow Model

	Dividend Yield		
	Spot (1/2/2009)(1)	Average of Last 3 Months (2)	Average Dividend Yield (3)
<b>Proxy Group of Seven AUS Utility Reports Water Companies</b>			
American States Water Co.	2.93 %	2.94 %	2.93 %
Aqua America, Inc.	2.56	2.80	2.68
California Water Service Group	4.11	4.09	4.10
Middlesex Water Company	2.19	2.26	2.22
SJW Corp.	7.12	5.38	6.25
Southwest Water Company	2.57	2.57	2.57
York Water Company	4.12	4.11	4.12
Average	<u>3.66 %</u>	<u>3.45 %</u>	<u>3.55 %</u>
Median	<u>2.93 %</u>	<u>2.94 %</u>	<u>2.93 %</u>
<b>Proxy Group of Ten AUS Utility Reports Gas Distribution Companies</b>			
AGL Resources, Inc.	5.31 %	5.49 %	5.40 %
Delta Natural Gas Company	5.14	5.32	5.23
Laclede Group, Inc.	5.31	4.65	4.98
New Jersey Resources Corp.	3.29	2.97	3.13
NICOR Inc.	3.16	2.88	3.02
Northwest Natural Gas Company	3.62	3.23	3.43
Piedmont Natural Gas Co., Inc.	3.32	3.18	3.25
South Jersey Industries, Inc.	2.98	2.88	2.93
Southwest Gas Corporation	3.56	3.50	3.53
WGL Holdings, Inc.	4.33	4.23	4.28
Average	<u>4.00 %</u>	<u>3.83 %</u>	<u>3.92 %</u>
Median	<u>3.59 %</u>	<u>3.36 %</u>	<u>3.48 %</u>

- Notes: (1) The spot dividend yield is the current annualized dividend per share divided by the spot market price on 1/2/2009.
- (2) The average 3-month dividend yield was computed by relating the indicated annualized dividend rate and market price on the last trading day of each of the Three months ended 12/31/2008.
- (3) Equal weight has been given to the 3-month average and spot dividend yield. This provides recognition of current conditions, but does not place undue emphasis thereon.

Source of Information: S&P Stock Guides  
yahoo.finance.com

Water Service Corporation of Kentucky  
Current Institutional Holdings and Individual Holdings for  
the Proxy Group of Seven AUS Utility Reports Water Companies  
and the Proxy Group of Ten AUS Utility Reports Natural Gas Distribution Companies

	<u>1</u>	<u>2</u>
	January 2, 2009 Percentage of Institutional Holdings	January 2, 2009 Percentage of Individual Holdings (1)
<u>Proxy Group of Seven AUS Utility Reports Water Companies</u>		
American States Water Co.	56.35 %	43.65 %
Aqua America, Inc.	50.17	49.83
California Water Service Group	52.87	47.13
Middlesex Water Company	40.01	59.99
SJW Corp.	45.79	54.21
Southwest Water Company	57.09	42.91
York Water Company	<u>17.42</u>	<u>82.58</u>
Average	<u>45.67 %</u>	<u>54.33 %</u>
 <u>Proxy Group of Ten AUS Utility Reports Gas Distribution Companies</u>		
AGL Resources, Inc.	67.42 %	32.58 %
Delta Natural Gas Company	18.75	81.25
Laclede Group, Inc.	57.20	42.80
New Jersey Resources Corp.	63.12	36.88
NICOR Inc.	72.94	27.06
Northwest Natural Gas Company	62.65	37.35
Piedmont Natural Gas Co., Inc.	48.54	51.46
South Jersey Industries, Inc.	58.60	41.40
Southwest Gas Corporation	77.95	22.05
WGL Holdings, Inc.	<u>3.19</u>	<u>96.81</u>
Average	<u>53.04 %</u>	<u>46.96 %</u>

Notes: (1) (1 - column 1).

Source of Information: today.reuters.com, updated January 2, 2009

**Water Service Corporation of Kentucky  
Historical and Projected Growth**

	1	2	3	4	5	6	7	8	9	10	11	12	13	
	Value Line Historical Five Year Growth Rate (1)		Five Year Historical BR + BV (2)	Value Line Projected 2005-07 to 2011-'13 Growth Rate (1)		Reuters Mean Consensus Projected Five Year Growth Rate	Average Projected Five Year Growth Rate in EPS (3)	Projected Five Year BR + BV (4)	Range of Growth Rates			Median of all Growth Rates	Average of Midpoint and Median of all Growth Rates (6)	
	DPS	EPS		DPS	EPS	EPS	No. of Est.		Low	High	Midpoint			
<b>Proxy Group of Seven AUS Utility Reports Water Companies</b>														
American States Water Co.	1.50 %	1.50 %	4.62 %	5.00 %	11.00 %	7.00 %	(2)	9.00 %	9.38 %	1.50 %	11.00 %	6.25 %	5.00 %	5.63 %
Aqua America, Inc.	7.50	7.00	6.89	5.50	7.50	7.50	(4)	7.50	5.93	5.50	7.50	6.50	7.00	6.75
California Water Service Group	0.50	4.50	5.16	2.00	10.00	8.00	(3)	9.00	7.37	0.50	10.00	5.25	5.16	5.21
Mid Essex Water Company	2.00	5.00	4.04	NA	8.00	NA	(2)	8.00	NA	2.00	8.00	5.00	4.52	4.76
SJW Corp.	5.50	9.50	7.09	NA	10.00	15.00	(1)	12.50	NA	5.50	15.00	10.25	9.50	9.88
Southwest Water Company	9.00	(19.50)	9.03	8.00	9.50	15.00	(2)	12.25	6.33	6.00 (7)	15.00	10.50 (7)	9.02 (7)	9.76
York Water Company	5.95 (5)	6.45 (5)	4.78	NA	8.00	8.00	(1)	8.00	NA	4.78	8.00	6.39	6.45	6.42
<b>Average</b>	<b>4.56 %</b>	<b>5.66 % (7)</b>	<b>5.94 %</b>	<b>4.63 %</b>	<b>9.14 %</b>	<b>10.08 %</b>		<b>9.46 %</b>	<b>7.25 %</b>	<b>3.68 %</b>	<b>10.64 %</b>	<b>7.16 %</b>	<b>6.66 %</b>	<b>6.92 %</b>
<b>Median</b>	<b>5.50 %</b>	<b>5.73 % (7)</b>	<b>5.16 %</b>	<b>5.25 %</b>	<b>8.50 %</b>	<b>8.00 %</b>		<b>9.00 %</b>	<b>6.65 %</b>	<b>4.78 %</b>	<b>10.00 %</b>	<b>6.39 %</b>	<b>6.45 %</b>	<b>6.42 %</b>
<b>Proxy Group of Ten AUS Utility Reports Gas Distribution Companies</b>														
AGL Resources, Inc.				3.00 %	7.00 %	7.00 %	(1)	5.00 %						5.00 %
Delta Natural Gas Company				3.00	3.00	3.00	(1)	3.00						3.00
Laclede Group, Inc.				4.50	NA	NA	[NA]	4.50						4.50
New Jersey Resources Corp.				8.60	6.00	6.00	(3)	7.75						7.75
NICOR Inc.				4.00	4.30	4.30	(4)	4.15						4.15
Northwest Natural Gas Company				7.00	6.00	6.00	(2)	6.50						6.50
Piedmont Natural Gas Co., Inc.				7.50	8.30	8.30	(4)	7.90						7.90
South Jersey Industries, Inc.				6.00	8.50	8.50	(2)	7.25						7.25
Southwest Gas Corporation				6.50	5.00	5.00	(2)	5.75						5.75
WGL Holdings, Inc.				3.50	NA	NA	[NA]	3.50						3.50
<b>Average</b>				<b>5.45 %</b>	<b>6.01 %</b>	<b>6.01 %</b>		<b>5.53 %</b>						<b>5.53 %</b>
<b>Median</b>				<b>5.25 %</b>	<b>6.00 %</b>	<b>6.00 %</b>		<b>5.38 %</b>						<b>5.38 %</b>

NA= Not Applicable

- Notes: (1) As shown on pages 8 through 24 of this Schedule. Historical growth rates are five-year compound growth rates.  
(2) From page 2 of this Schedule.  
(3) Average of Columns 5 and 6.  
(4) From page 6 of this Schedule.  
(5) Calculated using the same methodology as Value Line Investment Survey, i.e., three-year base periods ending 2007.  
(6) Average of Column 11 and Column 12.  
(7) Excludes negatives.

Source of Information: Value Line Investment Survey; December 12 and October 24, 2008  
Reuters Company Research December 31, 2008

Water Service Corporation of Kentucky  
Calculation of Historical BR + SV

	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
	BR (1)	S Factor (2)	V Factor (3)	SV (4)	BR + SV (5)
<u>Proxy Group of Seven AUS Utility Reports</u>					
<u>Water Companies</u>					
American States Water Co.	3.31 %	2.63 %	49.91 %	1.31 %	4.62 %
Aqua America, Inc.	4.52	3.38	69.98	2.37	6.89
California Water Service Group	1.65	6.50	54.05	3.51	5.16
Middlesex Water Company	1.19	5.16	55.21	2.85	4.04
SJW Corp.	7.04	0.10	54.99	0.05	7.09
Southwest Water Company	2.76	12.14	51.68	6.27	9.03
York Water Company	<u>2.49</u>	<u>3.42</u>	<u>66.96</u>	<u>2.29</u>	<u>4.78</u>
Average	<u>3.28 %</u>	<u>4.76 %</u>	<u>57.54 %</u>	<u>2.66 %</u>	<u>5.94 %</u>
Median	<u>2.76 %</u>	<u>3.42 %</u>	<u>54.99 %</u>	<u>2.37 %</u>	<u>5.16 %</u>

- Notes: (1) From column 6, page 3 of this Schedule.  
(2) From column 12, page 4 of this Schedule.  
(3) From column 7, page 5 of this Schedule.  
(4) Column 2 \* column 3.  
(5) Column 1 + column 4.

Water Service Corporation of Kentucky  
Historical Internal Growth Rate (1), i.e., BR, for  
the Proxy Group of Seven AUS Utility Reports Water Companies  
for the Years 2003 -2007

	1	2	3	4	5	6
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>Five-Year Average 2003-2007 Internal Growth Rate, i.e., BR</u>
<u>Proxy Group of Seven AUS Utility Reports Water Companies</u>						
<u>American States Water Co.</u>						
Common Equity Return Rate	9.57 %	8.43 %	10.38 %	7.99 %	5.59 %	
Retention Ratio	41.30	32.40	43.59	25.17	(12.98)	
Internal Growth Rate (1)	3.95	2.73	4.53	2.01	(0.73)	3.31 % (2)
<u>Aqua America, Inc.</u>						
Common Equity Return Rate	10.01 %	10.61 %	11.69 %	11.39 %	12.30 %	
Retention Ratio	32.89	36.93	43.90	42.75	43.61	
Internal Growth Rate (1)	3.29	3.92	5.13	4.87	5.37	4.52
<u>California Water Service Group</u>						
Common Equity Return Rate	8.12 %	7.56 %	9.31 %	9.72 %	8.68 %	
Retention Ratio	22.20	14.21	25.81	22.97	8.79	
Internal Growth Rate (1)	1.80	1.08	2.40	2.23	0.76	1.65
<u>Middlesex Water Company</u>						
Common Equity Return Rate	8.83 %	8.55 %	8.45 %	9.37 %	8.17 %	
Retention Ratio	21.16	16.35	6.49	9.95	(6.51)	
Internal Growth Rate (1)	1.87	1.40	0.55	0.93	(0.53)	1.19 (2)
<u>SJW Corp.</u>						
Common Equity Return Rate	8.31 %	18.19 %	11.48 %	11.27 %	11.68 %	
Retention Ratio	42.61	72.66	55.23	52.90	52.56	
Internal Growth Rate (1)	3.54	13.22	6.34	5.96	6.14	7.04
<u>Southwest Water Company</u>						
Common Equity Return Rate	(1.26) %	6.03 %	1.76 %	4.40 %	10.20 %	
Retention Ratio	211.46	46.26	42.00	21.88	64.23	
Internal Growth Rate (1)	(2.66)	2.79	0.74	0.96	6.55	2.76 (2)
<u>York Water Company</u>						
Common Equity Return Rate	9.67 %	10.52 %	11.85 %	12.17 %	11.66 %	
Retention Ratio	17.66	20.87	24.70	25.86	21.04	
Internal Growth Rate (1)	1.71	2.20	2.93	3.15	2.45	<u>2.49</u>
Average						<u>3.28 %</u>
Median						<u>2.76 %</u>

Notes: (1) The internal growth rate is calculated by multiplying the common equity return rate by the retention ratio (100% minus the dividend payout ratio). All data are on a consolidated basis.

(2) Excludes negatives.

Source of Information: Standard & Poor's Compustat Services, Inc., PC Plus / Research Insight Database  
EDGAR Online's I-Metrix Database  
Company Annual Forms 10-K

**Water Service Corporation of Kentucky**  
**Projected Internal Growth Rate**  
**Calculation of Five Year Average Growth in Common Shares Outstanding (1), i.e., S Factor**

	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>
	2002 Common Shares Outstanding (1)	02-03 Growth	2003 Common Shares Outstanding (1)	03-04 Growth	2004 Common Shares Outstanding (1)	04-05 Growth	2005 Common Shares Outstanding (1)	05-06 Growth	2006 Common Shares Outstanding (1)	06-07 Growth	2007 Common Shares Outstanding (1)	Five Year Average Common Share Growth
Proxy Group of Seven AUS Utility Reports Water Companies												
American States Water Co.	15,181	0.20 %	15,212	10.12 %	16,752	0.27 %	16,798	1.49 %	17,049	1.07 %	17,231	2.63 %
Aqua America, Inc.	113,195	9.06	123,452	3.02	127,180	1.41	128,969	2.60	132,325	0.81	133,400	3.38
California Water Service Group	15,182	11.53	16,932	8.48	18,367	0.13	18,380	12.33	20,657	0.04	20,666	6.50
Middlesex Water Company	10,356	2.04	10,567	7.50	11,359	1.88	11,584	13.67	13,168	0.59	13,246	5.16
SJW Corp.	18,270	0.00	18,270	0.00	18,270	0.00	18,270	0.07	18,282	0.44	18,362	0.10
Southwest Water Company	13,662	18.38	16,173	25.82	20,365	3.75	21,129	12.65	23,802	0.00	23,802	12.14
York Water Company	9,547	0.66	9,629	7.29	10,331	0.67	10,400	7.70	11,201	0.57	11,265	<u>3.42</u>
Average												<u>4.76 %</u>
Median												<u>3.42 %</u>

Notes: (1) Year-end shares outstanding.

Source of Information: Standard & Poor's Compustat Services, Inc., PC Plus / Research Insight Database  
EDGAR Online's I-Matrix Database  
Company Annual Forms 10-K

Water Service Corporation of Kentucky  
 Calculation of the Premium/Discount of a  
 Company's Stock Price Relative to its Book Value, i.e., V Factor

	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>
	<u>2003 Market to Book Ratio (1)</u>	<u>2004 Market to Book Ratio (1)</u>	<u>2005 Market to Book Ratio (1)</u>	<u>2006 Market to Book Ratio (1)</u>	<u>2007 Market to Book Ratio (1)</u>	<u>Five Year Average Market to Book Ratio</u>	<u>V Factor (2)</u>
<b>Proxy Group of Seven AUS Utility Reports Water Companies</b>							
American States Water Co.	180.32 %	164.32 %	191.52 %	228.93 %	233.23 %	199.66 %	49.91 %
Aqua America, Inc.	295.64	291.40	383.79	376.46	318.41	333.14	69.98
California Water Service Group	199.83	212.56	231.59	228.97	215.27	217.64	54.05
Middlesex Water Company	247.85	241.71	238.86	200.87	187.00	223.26	55.21
SJW Corp.	157.17	178.24	210.59	286.54	278.32	222.17	54.99
Southwest Water Company	206.18	222.48	185.84	215.62	204.75	206.97	51.68
York Water Company	286.88	287.47	311.03	339.98	287.96	302.67	66.96
Average						<u>243.64 %</u>	<u>57.54 %</u>
Median						<u>222.17 %</u>	<u>54.99 %</u>

Notes: (1) Market to Book Ratio = average of yearly high-low market price divided by the average of beginning and ending year's balance of book common equity per share.  
 (2)  $(1 - (100 / \text{column 6}))$ .

Source of Information: Standard & Poor's Compustat Services, Inc., PC Plus / Research Insight Database  
 EDGAR Online's I-Metrix Database  
 Company Annual Forms 10-K



Water Service Corporation of Kentucky  
Calculation of Projected BR + SV

	1	2	3	4	5	6	7	8	9	10	11
	Common Shares Outstanding (1) (000,000)		Projected 2011 - 2013 (1)								
	Actual 2007	Projected 2011-2013	S Factor (2)	High Stock Price	Low Stock Price	Book Value	Average Stock Price (3)	V Factor (4)	SV (5)	BR (6)	BR + SV (7)
<b>Proxy Group of Seven AUS Utility Reports Water Companies</b>											
American States Water Co.	17.23	20.00	3.03 %	\$ 70.00	\$ 40.00	\$ 19.50	\$ 55.00	64.55 %	1.96 %	7.40 %	9.36 %
Aqua America, Inc.	133.40	139.00	0.83	35.00	20.00	9.50	27.50	65.45	0.54	5.39	5.93
California Water Service Group	20.67	23.50	2.60	65.00	45.00	21.90	55.00	60.18	1.56	5.81	7.37
Middlesex Water Company	13.25	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
SJW Corp.	18.36	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Southwest Water Company	24.27	29.00	3.63	18.00	12.00	7.10	15.00	52.67	1.91	4.42	6.33
York Water Company	11.27	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Average			<u>2.52 %</u>					<u>60.71 %</u>	<u>1.49 %</u>	<u>5.76 %</u>	<u>7.25 %</u>
Median			<u>2.82</u>					<u>62.37 %</u>	<u>1.74 %</u>	<u>5.60 %</u>	<u>6.85 %</u>

NA = Not Available

- Notes: (1) From pages 8 through 24 of this Schedule.  
(2) The S Factor is the six or five year compound growth rate between the 2007 and 2012 (mid-point of 2011-2013 projection) common shares outstanding.  
(3) The Average Stock Price is the average of column 4 and column 5.  
(4)  $(1 - (\text{column 6} / \text{column 7}))$   
(5) Column 3 \* column 8.  
(6) From page 7, column 14 of this Schedule.  
(7) Column 9 + column 10.

Source of Information: Value Line Investment Survey; December 12 and October 24, 2008

Water Service Corporation of Kentucky  
Projected Internal Growth Rate

	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	2007			2011-2013			Annual Common Equity Growth Rate (4)	ROE Adjustment Factor (5)	Return on Common Equity (1)	Return on Average Common Equity (6)	EPS (1)	DPS (1)	Retention Ratio (7)	Projected Internal Growth (8)
	Common Equity (%) (1)	Total Capital (\$ mil) (1)	Common Equity (\$ mil) (2)	Common Equity (%) (1)	Total Capital (\$ mil) (1)	Common Equity (\$ mil) (3)								
<u>Proxy Group of Seven AUS Utility Reports Water Companies</u>														
American States Water Co.	53.10 %	\$ 569.40	\$ 302.35	55.50 %	\$ 700.00	\$ 388.50	5.14 %	1.03 %	13.50 %	13.91 %	\$ 2.65	\$ 1.24	53.21 %	7.40 %
Aqua America, Inc.	44.60	2,181.40	977.36	47.60	2,770.00	1,318.52	6.17	1.03	11.50	11.85	1.10	0.60	45.45	5.39
California Water Service Group	56.60	674.90	381.99	57.00	900.00	513.00	6.08	1.03	11.50	11.85	2.55	1.30	49.02	5.81
Middlesex Water Company	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
SJW Corp.	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Southwest Water Company	50.00	290.00	145.00	58.00	355.00	205.90	7.26	1.04	8.50	8.84	0.60	0.30	50.00	4.42
York Water Company	53.50	125.70	67.25	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Average														<u>5.76 %</u>
Median														<u>5.60 %</u>

NA = Not Available

- Notes: (1) From pages 6 through 24 of this Schedule.  
(2) Column 1 \* column 2.  
(3) Column 4 \* column 5.  
(4) Five year compound growth rate in common equity from 2007 to 2011-2013 or  $\left(\frac{\text{column 6}}{\text{column 3}}\right)^{\frac{1}{5}} - 1$ .  
(5)  $2 * \left(\frac{1 + \text{column 7}}{2 + \text{column 7}}\right)$ .  
(6) Column 8 \* column 9.  
(7)  $1 - (\text{column 12} / \text{column 11})$ .  
(8) Column 10 \* column 13.

Source of Information: Value Line Investment Survey; December 12 and October 24, 2008

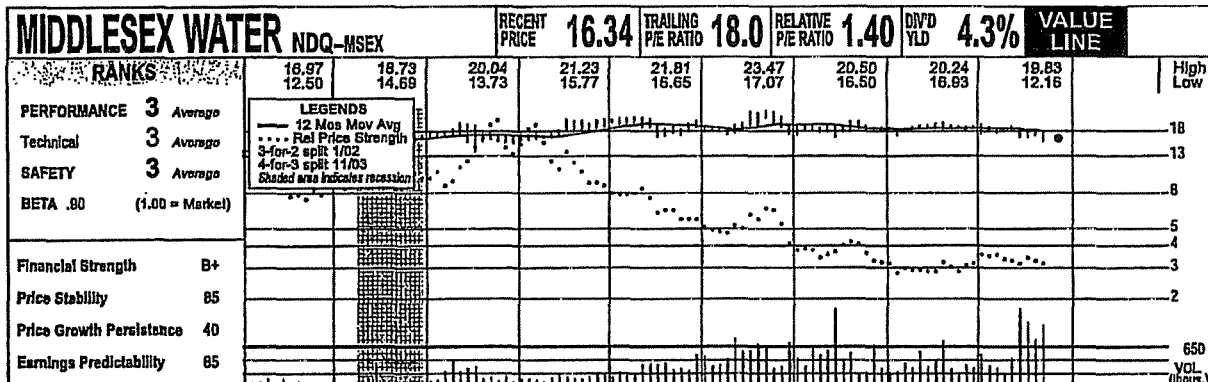
AMER. STATES WATER NYSE-AWR										RECENT PRICE	PIE RATIO		RELATIVE PIE RATIO	DIV'D YLD	VALUE LINE									
<b>TIMELINESS 2</b> Raised 8/26/08 <b>SAFETY 3</b> New 2/4/00 <b>TECHNICAL 3</b> Lowered 10/10/08 <b>BETA .95</b> (1.00 = Market)										34.38	18.3	1.51	2.9%											
<b>2011-13 PROJECTIONS</b> High 70 (+105%) Low 40 (+15%)										17.1	19.5	26.6	25.3	26.4	29.0	29.0	26.8	34.6	43.8	46.1	42.0	27.2		
<b>Insider Decisions</b> to Buy 0 1 0 0 0 0 0 2 0 to Sell 4 0 0 0 0 0 1 0 0 to Hold 4 0 0 0 0 0 1 0 0										13.5	14.1	14.8	16.7	19.0	20.3	21.6	20.8	24.3	30.3	33.8				
<b>Institutional Decisions</b> to Buy 40447 to Sell 62 to Hold 8617										19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5				
<b>CAPITAL STRUCTURE as of 6/30/08</b> Total Debt \$324.4 mil. Due in 5 Yrs \$60.0 mil. LT Debt \$267.1 mil. LT Interest \$22.0 mil. (LT interest earned: 5.1x total interest coverage: 4.7x)										19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5				
<b>Leases, Uncapitalized: None</b> Pension Assets 12/07 \$70.9 mil. Oblig. \$83.4 mil. Pfd Stock None.										19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5				
<b>Common Stock 17,253,910 shs.</b> Market Cap: \$600 million (Small Cap)										19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5				
<b>CURRENT POSITION</b> 2008 2007 6/30/08 Cash Assets 3.2 1.7 .4 Receivables 14.8 16.1 26.2 Inventory (Avg Cat) 1.6 1.6 1.7 Other 44.8 43.7 41.7 Current Assets 64.4 63.1 70.0 Accts Payable 24.0 29.1 34.8 Debt Due 32.6 37.8 67.3 Other 29.3 27.4 27.1 Current Liab. 85.9 94.3 119.3 Fix. Chg. Cov. 288% 314% 300%										19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5				
<b>ANNUAL RATES</b> Past Past Est'd '05-'07 of change (per sh) 10 Yrs. 5 Yrs. to '11-'13 Revenues 3.5% 4.0% 5.0% "Cash Flow" 5.0% 4.0% 8.0% Earnings 3.0% 1.5% 11.0% Dividends 1.0% 1.5% 5.0% Book Value 4.5% 4.5% 2.5%										19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5				
<b>QUARTERLY REVENUES (\$ mil.)</b> Cal-ender Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2005 49.8 60.5 68.1 57.8 235.2 2006 64.3 63.0 75.0 66.3 268.6 2007 72.3 79.3 75.8 74.0 301.4 2008 68.9 80.3 85.8 82.0 317 2009 74.0 86.0 89.0 86.0 335										19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5				
<b>EARNINGS PER SHARE \$</b> Cal-ender Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2005 .22 .34 .47 .29 1.32 2006 .35 .36 .32 .30 1.33 2007 .40 .42 .44 .35 1.62 2008 .30 .53 .60 .42 1.85 2009 .33 .65 .65 .47 2.00										19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5				
<b>QUARTERLY DIVIDENDS PAID \$</b> Cal-ender Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2004 .221 .221 .221 .225 .89 2005 .225 .225 .225 .225 .90 2006 .225 .225 .225 .235 .91 2007 .235 .235 .235 .260 .96 2008 .250 .250 .250										19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5				
<b>BUSINESS:</b> American States Water Co. operates as a holding company. Through its principal subsidiary, Golden State Water Company, it supplies water to more than 250,000 customers in 75 communities in 10 counties. Service areas include the greater metropolitan areas of Los Angeles and Orange Counties. The company also provides electric utility services to nearly 23,250 customers in the city of Big Bear Lake and in areas of San Bernardino County. Acquired Chaparral City Water of Arizona (10/00). Has roughly 572 employees. Officers & directors own 4.4% of common stock (4/08 Proxy). Chairman: Lloyd Ross, President & CEO: Floyd Wilks. Inc. CA. Addr.: 630 East Foothill Boulevard, San Dimas, CA 91773. Tele.: 909-394-3600. Internet: www.aswater.com.										19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5				
<b>Improvements on the regulatory front are helping American States Water. With more favorable backing from the California Public Utilities Commission (CPUC) in place, the utility provider was able to overcome the difficult backdrop that conservation efforts (related to the federally proclaimed June 5th state wide drought) created, posting a 26% earnings growth in the second quarter. Indeed, approved rate increases added roughly \$5.5 million to the top line and boosted water margins by \$3.0 million. Recently filed general rate cases for Region II and III should result in meaningful annual rate increases effective the beginning of 2009. There may be additional support on the horizon. Now that more timely and company-friendly rulings seem to have become more commonplace, the revamped CPUC can work on implementing some of the regulatory mechanisms laid out in the California Water Action Plan of 2005. If so, the company stands to benefit from the adoption of the water revenue adjustment mechanism, which attempts to limit the effects of weather conditions and generate more-stable earnings patterns. Consequently, we've bumped up our 2008 and 2009 earnings estimates by 12% and 8%, to \$1.85 and \$2.00, respectively. These shares have moved up a couple of notches on our Timeliness system and are now ranked 2 (Above Average). They've inched up a bit since our July review, despite the difficulties of the overall market. We think this issue will likely continue to better the broad market over the coming six to 12 months, benefiting from the continued regulatory improvements mentioned above, as well as the issue's more conservative bent, namely the healthy income stream it provides. Still, the stock does not stand out for 3- to 5-year appreciation potential. The financial cupboard is barren, meaning that the lofty infrastructure costs that we suspect to persist will have to be funded by outside financiers. The troubles of the debt markets make share offerings a bit more likely, but either method would dilute the future shareholder gains we envision, as well as limit the company's ability to take advantage of a highly fragmented industry landscape.</b>										19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5				
<b>Company's Financial Strength</b> B++ <b>Stock's Price Stability</b> 80 <b>Price Growth Persistence</b> 75 <b>Earnings Predictability</b> 80										19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5				
© 2008, Value Line Publishing, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is solely for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.										19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5				

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AQUA AMERICA NYSE-WTR				RECENT PRICE	P/E RATIO	Trailing: 23.4 Median: 24.0	RELATIVE P/E RATIO	DIV YLD	3.1%	VALUE LINE									
TIMELINESS	4	Raised 8/15/08	High: 8.5 Low: 4.4	11.5	11.5	12.0	14.8	16.0	16.8	18.5	20.2	20.8	21.5	22.0	22.2	Target Price 2011	2012	2013	Range
SAFETY	3	Lowered 8/1/03	11.5	7.6	6.3	8.4	9.6	11.8	14.2	17.5	20.1	18.9	12.2						64
TECHNICAL	3	Raised 8/1/08	11.5	7.6	6.3	8.4	9.6	11.8	14.2	17.5	20.1	18.9	12.2						48
BETA	1.00	(1.00=Market)	11.5	7.6	6.3	8.4	9.6	11.8	14.2	17.5	20.1	18.9	12.2						40
2011-13 PROJECTIONS		Ann'l Total	11.5	7.6	6.3	8.4	9.6	11.8	14.2	17.5	20.1	18.9	12.2						32
Price	Gain	Return	11.5	7.6	6.3	8.4	9.6	11.8	14.2	17.5	20.1	18.9	12.2						24
High	35	(+100%)	11.5	7.6	6.3	8.4	9.6	11.8	14.2	17.5	20.1	18.9	12.2						20
Low	20	(+15%)	11.5	7.6	6.3	8.4	9.6	11.8	14.2	17.5	20.1	18.9	12.2						16
Insider Decisions			11.5	7.6	6.3	8.4	9.6	11.8	14.2	17.5	20.1	18.9	12.2						12
Institutional Decisions			11.5	7.6	6.3	8.4	9.6	11.8	14.2	17.5	20.1	18.9	12.2						8
CAPITAL STRUCTURE as of 6/30/08			11.5	7.6	6.3	8.4	9.6	11.8	14.2	17.5	20.1	18.9	12.2						6
Pension Assets-12/07 \$147.8 mill.			11.5	7.6	6.3	8.4	9.6	11.8	14.2	17.5	20.1	18.9	12.2						6
Pfd Stock None			11.5	7.6	6.3	8.4	9.6	11.8	14.2	17.5	20.1	18.9	12.2						6
MARKET CAP: \$2.3 billion (Mid Cap)			11.5	7.6	6.3	8.4	9.6	11.8	14.2	17.5	20.1	18.9	12.2						6
CURRENT POSITION (MILL.)			11.5	7.6	6.3	8.4	9.6	11.8	14.2	17.5	20.1	18.9	12.2						6
ANNUAL RATES of change (per ch)			11.5	7.6	6.3	8.4	9.6	11.8	14.2	17.5	20.1	18.9	12.2						6
QUARTERLY REVENUES (\$ mill.)			11.5	7.6	6.3	8.4	9.6	11.8	14.2	17.5	20.1	18.9	12.2						6
EARNINGS PER SHARE			11.5	7.6	6.3	8.4	9.6	11.8	14.2	17.5	20.1	18.9	12.2						6
QUARTERLY DIVIDENDS PAID			11.5	7.6	6.3	8.4	9.6	11.8	14.2	17.5	20.1	18.9	12.2						6
BUSINESS: Aqua America, Inc. is the holding company for water and wastewater utilities that serve approximately 2.8 million residents in Pennsylvania, Ohio, North Carolina, Illinois, Texas, New Jersey, Florida, Indiana, and five other states. Divested three of four non-water businesses in '01; telemarketing group in '03; and others. Acquired AquaSource, 7/03; Consumers Water, 4/09; and others. Water supply revenues '07: residential, 60%; commercial, 14%; industrial & other, 26%. Officers and directors own 1.4% of the common stock (4/08 Proxy). Chairman & Chief Executive Officer: Nicholas DeBenedictis, Incorporated: Pennsylvania. Address: 762 West Lancaster Avenue, Bryn Mawr, Pennsylvania 19010. Telephone: 610-525-1400. Internet: www.aquaamerica.com.			11.5	7.6	6.3	8.4	9.6	11.8	14.2	17.5	20.1	18.9	12.2						6
Aqua America is halfway through what looks to be a difficult year. For the second quarter, both the top and bottom lines were flat on a year-over-year basis. Revenue growth was halted by unfavorable weather conditions and the loss of customers from the land seized in Fort Wayne, Indiana earlier in the year. But the company may be able to build some momentum over the next few quarters. A number of rate cases are in various stages of the regulatory process. The approval of these rate increases would undoubtedly benefit the top and bottom lines. However, the current difficulties in the housing industry that have hampered earnings recently may continue to present a challenge. As a result, we have lowered our share-net tally for 2008 and 2009 by a dime each from our July report, to \$0.75 and \$0.85 per share, respectively. Aqua America has been actively expanding its operations through acquisitions. In order to expand its business, the company spent approximately \$6.7 million to purchase Honesdale Consolidated Water Company, which is located in Pennsylvania and serves about 6,000 customers. Aqua bought another wastewater service company recently that should add the 12,000 residents in South Haven Indiana to Aqua's customer base. Further acquisitions are likely over the coming years. The company has increased its quarterly dividend. The board of directors has approved a higher dividend payment of \$0.135 per share, and further increases will probably occur, as shown by its historical rise in dividend payouts over the last decade. These shares are ranked below average (4) for Timeliness. Macroeconomic conditions have slowed down the company's earnings momentum. However, to offset these difficulties, as well as the uncertainties from weather conditions, Aqua will probably continue to purchase smaller companies as a way to bolster its geographical footprint in strategic locations. But, the gains that we expect out to 2011-2013 are discounted in the current stock price, giving these shares average appreciation potential. As such, Aqua may only appeal to income-oriented investors who are attracted to its dividend yield.			11.5	7.6	6.3	8.4	9.6	11.8	14.2	17.5	20.1	18.9	12.2						6
Company's Financial Strength			11.5	7.6	6.3	8.4	9.6	11.8	14.2	17.5	20.1	18.9	12.2						6
Stock's Price Stability			11.5	7.6	6.3	8.4	9.6	11.8	14.2	17.5	20.1	18.9	12.2						6
Price Growth Persistence			11.5	7.6	6.3	8.4	9.6	11.8	14.2	17.5	20.1	18.9	12.2						6
Earnings Predictability			11.5	7.6	6.3	8.4	9.6	11.8	14.2	17.5	20.1	18.9	12.2						6
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CALIFORNIA WATER NYSE-CWT												RECENT PRICE	34.34	P/E RATIO	19.0 (Trailing: 22.2 Median: 22.0)	RELATIVE P/E RATIO	1.57	DIVD YLD	3.4%	VALUE LINE
<b>TIMELINESS</b> 3 Raised 3/17/08	<b>SAFETY</b> 3 Lowered 7/27/07	<b>TECHNICAL</b> 3 Lowered 8/12/08	BETA 1.10 (1.00 = Market)	High: 29.6	Low: 19.6	33.8	32.0	31.4	28.6	26.9	31.4	37.9	42.1	45.8	45.4	42.0	Target Price Range 2011 2012	80		
<b>2011-13 PROJECTIONS</b>				Price	Gain	Return														
High	65	+80%	20%																	
Low	45	+30%	10%																	
<b>Insider Decisions</b>																				
to Buy	0	0	0																	
to Sell	0	0	0																	
<b>Institutional Decisions</b>																				
to Buy	62	60	65																	
to Sell	49	40	45																	
Net Buy	13	20	20																	
<b>MARKET CAP: \$700 million (Small Cap)</b>																				
1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	VALUE LINE PUB, INC	11-13	
12.29	13.34	12.59	13.17	14.48	15.48	14.76	15.96	16.16	16.26	17.33	16.37	17.18	17.44	16.20	17.78	18.60	19.55	Revenues per sh	21.30	
1.92	2.25	2.02	2.07	2.60	2.92	2.60	2.76	2.52	2.20	2.65	2.81	2.83	3.03	3.12	3.12	3.45	3.76	"Cash Flow" per sh	4.50	
1.09	1.35	1.22	1.17	1.51	1.83	1.45	1.53	1.31	.84	1.25	1.21	1.48	1.47	1.34	1.50	1.70	1.85	Earnings per sh	2.55	
.83	.96	.99	1.02	1.04	1.06	1.07	1.09	1.10	1.12	1.12	1.12	1.13	1.14	1.15	1.16	1.17	1.18	Div'd Decl'd per sh	1.30	
3.09	2.63	2.26	2.17	2.83	2.61	2.74	3.44	2.45	4.09	5.82	4.39	3.73	4.01	4.28	3.68	3.90	3.95	Cap'l Spending per sh	4.75	
10.51	10.90	11.58	11.72	12.22	13.00	13.38	13.43	12.90	12.95	13.12	14.44	15.66	15.79	18.15	18.50	19.30	20.00	Book Value per sh	21.90	
11.38	11.38	12.49	12.64	12.62	12.62	12.62	12.94	15.15	15.18	15.18	18.93	18.37	18.39	20.66	20.67	21.25	22.00	Common Shs Outst'g	23.50	
14.1	13.6	14.1	13.7	11.9	12.6	17.8	17.6	19.6	27.1	19.8	22.1	20.1	24.9	28.2	28.1	28.1	28.1	Avg Ann'l P/E Ratio	22.0	
.86	.80	.92	.82	.75	.73	.93	1.01	1.27	1.39	1.08	1.26	1.06	1.33	1.58	1.37	1.58	1.58	Relative P/E Ratio	1.45	
6.1%	6.2%	6.8%	6.4%	6.8%	4.8%	4.2%	4.0%	4.3%	4.4%	4.5%	4.2%	3.9%	3.1%	2.8%	3.0%	3.0%	3.0%	Avg Ann'l Div'd Yield	2.4%	
<b>CAPITAL STRUCTURE as of 8/30/08</b>																				
Total Debt \$314.0 mill. Due in 5 Yrs \$25.0 mill.																				
LT Debt \$288.3 mill. LT Interest \$20.6 mill.																				
(LT Interest earned: 2.7%; total int. cov: 2.6x)																				
<b>Pension Assets 4/2/07 \$85.3 mill.</b>																				
Oblig. \$105.8 mill.																				
Pfd Stock \$3.5 mill. Pfd Div'd \$ .15 mill.																				
139,000 shares, 4.4% cumulative (\$25 par).																				
<b>Common Stock 20,716,702 shs. as of 8/1/08</b>																				
<b>MARKET CAP: \$700 million (Small Cap)</b>																				
<b>CURRENT POSITION 2008</b>																				
Cash Assets 60.3																				
Other 49.3																				
Current Assets 109.6																				
Accts Payable 33.1																				
Debt Due 1.8																				
Other 35.9																				
Current Liab. 70.2																				
Fix. Chg. Cov. 317%																				
<b>ANNUAL RATES of change (per sh)</b>																				
Revenues 2.0%																				
"Cash Flow" 1.5%																				
Earnings -0.5%																				
Dividends 1.0%																				
Book Value 3.5%																				
<b>QUARTERLY REVENUES (\$ mill.)</b>																				
Cal-ender	Mar.31	Jun.30	Sep.30	Dec.31	Full Year															
2005	60.3	81.5	101.1	77.8	320.7															
2006	65.2	81.1	107.8	80.6	334.7															
2007	71.6	85.8	113.8	85.9	357.1															
2008	72.9	105.6	124.5	92.0	395															
2009	80.0	115	135	100	430															
<b>EARNINGS PER SHARE</b>																				
Cal-ender	Mar.31	Jun.30	Sep.30	Dec.31	Full Year															
2005	.05	.41	.71	.32	1.47															
2006	.04	.31	.68	.31	1.34															
2007	.07	.37	.67	.39	1.50															
2008	.01	.48	.78	.43	1.70															
2009	.12	.54	.83	.48	1.95															
<b>QUARTERLY DIVIDENDS PAID</b>																				
Cal-ender	Mar.31	Jun.30	Sep.30	Dec.31	Full Year															
2004	.283	.283	.283	.283	1.13															
2005	.285	.285	.285	.285	1.14															
2006	.2875	.2875	.2875	.2875	1.15															
2007	.290	.290	.290	.290	1.16															
2008	.293	.293	.293																	
<p><b>BUSINESS:</b> California Water Service Group provides regulated and nonregulated water service to roughly 463,600 customers in 83 communities in California, Washington, New Mexico, and Hawaii. Main service areas: San Francisco Bay area, Sacramento Valley, Salinas Valley, San Joaquin Valley &amp; parts of Los Angeles, Acquired National Utility Company (50/4); Rio Grande Corp. (11/00).</p> <p>Revenue breakdown, '07: residential, 69%; business, 18%; public authorities, 6%; industrial, 6%; other, 3%. '07 reported depreciation rate: 2.2%. Has roughly 880 employees. Chairman: Robert W. Foy. President &amp; CEO: Peter C. Nelson (4/08 Proxy). Inc.: Delaware. Address: 1720 North First Street, San Jose, California 95112-4598. Telephone: 408-367-8200. Internet: www.cawatergroup.com.</p> <p>California Water Service Group has been the beneficiary of vast changes in the Californian regulatory infrastructure. The company reported second-quarter earnings of \$0.48, 30% better than the year before. More impressive was the fact that California, where the company does the bulk of its business, was under conservation guidelines, due to drought-like conditions. Revenues surged 10%, to \$105.6 million, in the period, with rate increases responsible for nearly two-thirds of the jump. The California Public Utilities Commission (CPUC) has undergone a significant change in methodology of late, creating a more favorable backdrop for utility providers.</p> <p>We suspect that things will continue to improve. Shortly after the second quarter ended, the CPUC approved a settlement between its Division of Ratepayer Advocates and CWT, authorizing rate increases totaling \$33.4 million, as well as authoring additional requests in the remaining districts. Meanwhile, as per an earlier agreement, several new regulatory decisions went into effect July 1st. The implementation of a water revenue adjustment mechanism ought to better allow the company to recover incurred costs and make for a smoother earnings stream going forward. Consequently, we've raised our 2008 and 2009 share-earning estimates by a dime a piece, to \$1.70 and \$1.95, respectively.</p> <p>We like the diversification strategy that is being employed. Management has completed the acquisition of Waikoloa Water and Wastewater Systems, which provides services to resort areas in Hawaii. This is its second purchase there this year and should limit geographic-specific weather constraints.</p> <p>These shares do not stand out ... They are ranked 3 (Average) for Timeliness and offer below-average 3- to 5-year appreciation potential, due to the high infrastructure costs we envision persisting. ... but may whet the appetite of risk-averse investors. CWT has not given much ground since our July review, a novelty in such a tumultuous market environment. Investors may favor the stock's steady returns and healthy dividend yield until there is evidence of market recovery.</p> <p>Andre J. Costanza October 24, 2008</p>																				
<b>Company's Financial Strength</b>																				
Stock's Price Stability				B+																
Price Growth Persistence				65																
Earnings Predictability				76																

(A) Basic EPS. Excl. nonrecurring gain (loss); '00, '07; '01, '04; '02, '04. Next earnings report due late Oct.  
 (B) Dividends historically paid in mid-Feb., May, Aug., and Nov. = Div'd reinvestment plan available.  
 (C) Incl. deferred charges. In '07: \$69.7 mill., \$3.7/sh.  
 (D) In millions, adjusted for split.  
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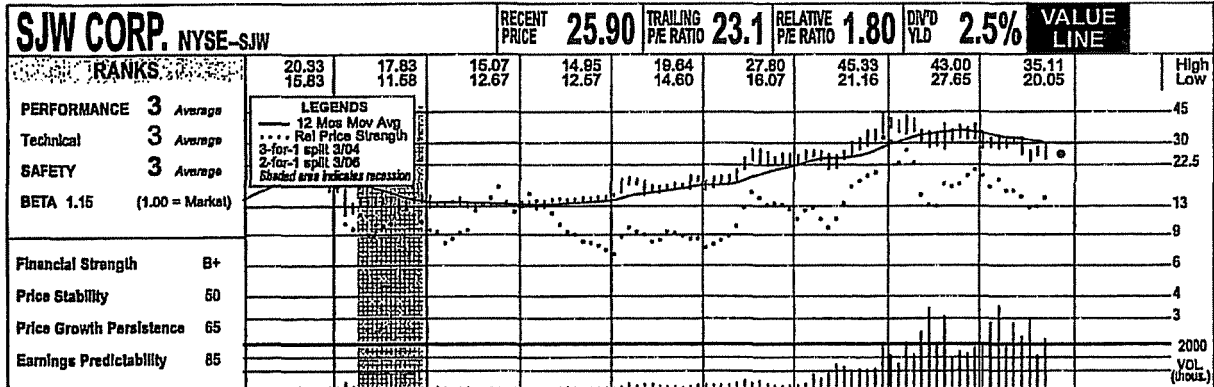
© VALUE LINE PUBLISHING, INC.	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009/2010
SALES PER SH	5.39	5.87	5.98	6.12	6.25	6.44	6.16	6.50	6.50	6.50
"CASH FLOW" PER SH	.89	1.18	1.20	1.15	1.28	1.33	1.33	1.49	1.49	1.49
EARNINGS PER SH	.51	.68	.73	.61	.73	.71	.82	.87	.87	.87 <sup>A,B</sup>
DIV'DS DECL'D PER SH	.61	.62	.63	.65	.66	.67	.68	.69	—	—
CAP'L SPENDING PER SH	1.32	1.25	1.59	1.87	2.54	2.18	2.31	1.88	—	—
BOOK VALUE PER SH	6.98	7.11	7.39	7.60	8.38	8.80	9.82	10.05	—	—
COMMON SHS OUTST'G (MILL)	10.11	10.17	10.36	10.48	11.36	11.58	13.17	13.25	—	—
AVG ANN'L P/E RATIO	28.7	24.6	23.5	30.0	28.4	27.4	22.7	21.6	17.4	16.7/N/A
RELATIVE P/E RATIO	1.87	1.28	1.28	1.71	1.39	1.45	1.23	1.15	—	—
AVG ANN'L DIV'D YIELD	4.2%	3.8%	3.7%	3.5%	3.4%	3.5%	3.7%	3.7%	—	—
SALES (\$MILL)	54.5	59.6	61.9	64.1	71.0	74.6	81.1	86.1	—	<i>Bold figures are consensus earnings estimates and, using the recent prices, P/E ratios.</i>
OPERATING MARGIN	32.2%	47.2%	47.1%	44.0%	44.4%	44.4%	47.4%	47.0%	—	
DEPRECIATION (\$MILL)	4.9	5.3	5.0	5.6	6.4	7.2	7.8	8.2	—	
NET PROFIT (\$MILL)	5.3	7.0	7.8	6.6	8.4	8.5	10.0	11.8	—	
INCOME TAX RATE	33.1%	34.8%	33.3%	32.8%	31.1%	27.6%	33.4%	32.6%	—	
NET PROFIT MARGIN	9.7%	11.7%	12.6%	10.3%	11.9%	11.4%	12.4%	13.8%	—	
WORKING CAP'L (\$MILL)	d2.7	d.8	d9.3	d13.3	d11.8	d4.5	2.8	d8.6	—	
LONG-TERM DEBT (\$MILL)	81.1	88.1	87.5	87.4	115.3	128.2	130.7	131.6	—	
SHR. EQUITY (\$MILL)	74.7	76.4	80.6	83.7	89.2	103.6	133.3	137.1	—	
RETURN ON TOTAL CAP'L	4.9%	5.6%	6.0%	5.0%	5.1%	5.0%	5.1%	5.6%	—	
RETURN ON SHR. EQUITY	7.1%	8.1%	9.6%	7.9%	8.6%	8.2%	7.5%	8.6%	—	
RETAINED TO COM EQ	NMF	.5%	1.3%	NMF	.8%	.5%	1.2%	1.8%	—	
ALL DIV'DS TO NET PROF	121%	84%	87%	106%	80%	84%	84%	79%	—	

\*No. of analysts changing earn. est. in last 11 days: 0 up, 0 down, consensus 5-year earnings growth 8.0% per year. <sup>B</sup>Based upon 2 analysts' estimates. <sup>C</sup>Based upon 2 analysts' estimates.

ANNUAL RATES				ASSETS (\$mill.)				LIABILITIES (\$mill.)				
of change (per share)	5 Yrs.	1 Yr.		2006	2007	6/30/08		2006	2007	6/30/08		
Sales	2.0%	5.5%		Cash Assets	5.8	2.0	3.7	Accs Payable	5.5	6.5	6.0	
"Cash Flow"	4.0%	12.0%		Receivables	12.6	12.8	14.4	Debt Due	2.5	9.0	34.8	
Earnings	5.0%	6.0%		Inventory (Avg cost)	1.3	1.2	1.5	Other	10.1	11.5	12.3	
Dividends	2.0%	1.5%		Other	1.2	1.4	1.6	Current Liab	18.1	27.0	52.1	
Book Value	6.0%	2.5%		Current Assets	20.9	17.4	21.2					
QUARTERLY SALES (\$mill.)				LONG-TERM DEBT AND EQUITY				TOTAL SHAREHOLDER RETURN				
Fiscal Year	1Q	2Q	3Q	4Q	Full Year	as of 6/30/08		3 Mos.	6 Mos.	1 Yr.	3 Yrs.	5 Yrs.
12/31/06	18.2	21.0	22.8	19.3	81.1	Total Debt \$151.5 mill.	Due in 5 Yrs. NA	6.31%	-1.88%	-4.07%	-13.99%	12.04%
12/31/07	19.0	21.8	24.1	21.2	86.1	LT Debt \$116.7 mill.						
12/31/08	20.9	23.0				Including Cap. Leases NA	(46% of Cap'l)					
12/31/09						Leases, Uncapitalized Annual rentals NA						
						Pension Liability \$13.3 mill. in '07 vs. \$16.4 mill. in '06						
						Pfd Stock \$4.0 mill.	Pfd Div'd Paid \$2.2 mill. (2% of Cap'l)					
						Common Stock 13,278,000 shares	(62% of Cap'l)					
EARNINGS PER SHARE				INSTITUTIONAL DECISIONS				Dividends plus appreciation as of 9/30/2008				
Fiscal Year	1Q	2Q	3Q	4Q	Full Year	to Buy	to Sell	Hld's(000)				
12/31/05	.12	.16	.26	.17	.71	25	32	47				
12/31/06	.15	.25	.28	.14	.82	12	11	13				
12/31/07	.13	.24	.31	.18	.87	3053	4313	5189				
12/31/08	.15	.26	.33	.19								
12/31/09	.16											

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© VALUE LINE PUBLISHING, INC.	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009/2010
SALES PER SH	6.74	7.46	7.97	8.20	9.14	9.86	10.35	11.25	-	
"CASH FLOW" PER SH	1.23	1.49	1.55	1.76	1.89	2.21	2.38	2.30	-	
EARNINGS PER SH	.58	.77	.78	.91	.87	1.12	1.19	1.04	1.19 <sup>A,B</sup>	1.39 <sup>C</sup> /NA
DIV'DS DECL'D PER SH	.41	.43	.46	.49	.51	.53	.57	.61	-	
CAP'L SPENDING PER SH	1.89	2.63	2.06	3.41	2.31	2.83	3.87	6.62	-	
BOOK VALUE PER SH	7.90	8.17	8.40	9.11	10.11	10.72	12.48	12.90	-	
COMMON SHS OUTST'G (MILL)	18.27	18.27	18.27	18.27	18.27	18.27	18.28	18.36	-	
AVG ANNL P/E RATIO	33.1	18.5	17.3	15.4	19.8	19.7	23.5	33.4	21.8	18.6/NA
RELATIVE P/E RATIO	2.15	.85	.84	.88	1.04	1.04	1.27	1.77	-	
AVG ANNL DIV'D YIELD	2.1%	3.0%	3.4%	3.5%	3.0%	2.4%	2.0%	1.7%	-	
SALES (\$MILL)	123.2	136.1	145.7	148.7	166.9	180.1	189.2	206.6	-	Bold figures are consensus earnings estimates and, using the recent prices, P/E ratios.
OPERATING MARGIN	30.2%	64.4%	63.7%	66.0%	66.4%	65.8%	67.0%	41.8%	-	
DEPRECIATION (\$MILL)	11.9	13.2	14.0	15.2	18.5	19.7	21.3	22.9	-	
NET PROFIT (\$MILL)	10.7	14.0	14.2	16.7	16.0	20.7	22.2	19.3	-	
INCOME TAX RATE	41.0%	34.5%	40.4%	36.2%	42.1%	41.6%	40.8%	39.4%	-	
NET PROFIT MARGIN	8.7%	10.3%	9.8%	11.2%	8.6%	11.6%	11.7%	9.4%	-	
WORKING CAP'L (\$MILL)	d11.4	d3.8	d4.9	12.0	13.0	10.8	22.2	d1.4	-	
LONG-TERM DEBT (\$MILL)	90.0	110.0	110.0	139.6	143.6	145.3	163.6	216.3	-	
SHR. EQUITY (\$MILL)	144.3	149.4	153.5	166.4	184.7	195.9	228.2	235.9	-	
RETURN ON TOTAL CAP'L	5.9%	6.7%	6.9%	6.9%	8.5%	7.6%	7.0%	5.7%	-	
RETURN ON SHR. EQUITY	7.4%	8.4%	8.3%	10.0%	8.7%	10.6%	8.7%	8.2%	-	
RETAINED TO COM EQ	2.2%	4.1%	3.8%	4.7%	3.8%	6.6%	6.2%	3.5%	-	
ALL DIV'DS TO NET PROF	70%	56%	59%	53%	58%	47%	46%	57%	-	

<sup>A</sup>No. of analysts changing earn. est. in last 11 days: 0 up, 0 down, consensus 5-year earnings growth 10.0% per year. <sup>B</sup>Based upon one analyst's estimate. <sup>C</sup>Based upon one analyst's estimate.

ANNUAL RATES				
of change (per share)	5 Yrs.	1 Yr.		
Sales	7.5%	8.5%		
"Cash Flow"	10.0%	-3.5%		
Earnings	8.5%	-12.5%		
Dividends	5.5%	7.0%		
Book Value	8.0%	3.5%		

Fiscal Year	QUARTERLY SALES (\$mill.)				Full Year
	1Q	2Q	3Q	4Q	Year
12/31/06	33.7	47.9	63.1	44.5	189.2
12/31/07	39.0	55.1	64.8	47.6	206.6
12/31/08	41.3	60.1			
12/31/09					

Fiscal Year	EARNINGS PER SHARE				Full Year
	1Q	2Q	3Q	4Q	Year
12/31/06	.16	.31	.53	.13	1.12
12/31/06	.14	.35	.48	.22	1.19
12/31/07	.12	.29	.43	.20	1.04
12/31/08	.15	.34	.47	.26	
12/31/09	.16				

Calendar	QUARTERLY DIVIDENDS PAID				Full Year
	1Q	2Q	3Q	4Q	Year
2005	.134	.134	.134	.134	.54
2006	.141	.141	.141	.141	.56
2007	.151	.151	.151	.151	.60
2008	.161	.161	.161		

ASSETS (\$mill.)			
2006	2007	6/30/08	
Cash Assets	3.8	2.4	1.8
Receivables	20.9	23.0	32.7
Inventory	.9	.8	.8
Other	33.9	5.4	3.8
Current Assets	69.5	31.6	39.1

LIABILITIES (\$mill.)			
2006	2007	6/30/08	
Accs Payable	7.3	9.3	6.2
Debt Due	16.0	5.6	16.1
Other	13.9	18.1	22.7
Current Liab	37.2	33.0	45.0

**LONG-TERM DEBT AND EQUITY as of 6/30/08**

Total Debt \$233.2 mill.	Due in 5 Yrs. NA
LT Debt \$217.0 mill.	
Including Cap. Leases NA	(46% of Cap'l)
Leases, Uncapitalized Annual rentals NA	

Pension Liability \$23.4 mill. in '07 vs. \$26.3 mill. in '06

**INDUSTRY: Water/Utility**

**BUSINESS:** SJW Corp., through its subsidiaries, engages in the production, purchase, storage, purification, distribution, and retail sale of water. The company offers nonregulated water-related services, including water system operations, cash remittances, and maintenance contract services. SJW also owns undeveloped land; a 70% limited partnership interest in 444 West Santa Clara Street, L.P.; and operates commercial buildings in Arizona, California, Connecticut, Florida, Tennessee, and Texas. As of June 30, SJW provided water service to approximately 225,000 connections that served a population of approximately one million people in the San Jose area. It also provides water service to approximately 7,900 connections that serve approximately 36,000 residents in a service area in the region between San Antonio and Austin, Texas. In August, David A. Green was appointed chief financial officer. Has 364 employees. Chairman: Charles J. Toeniskoetter, Inc.: CA. Address: 374 W. Santa Clara Street, San Jose, CA 95113. Tel.: (408) 279-7800. Internet: <http://www.sjwater.com>.

*M.G.*

October 24, 2008

INSTITUTIONAL DECISIONS			
	4Q'07	1Q'08	2Q'08
to Buy	43	47	43
to Sell	27	25	32
Hld's(000)	8717	8807	8877

TOTAL SHAREHOLDER RETURN					
Dividends plus appreciation as of 9/30/2008					
	3 Mos.	6 Mos.	1 Yr.	3 Yrs.	5 Yrs.
	14.23%	6.04%	-10.31%	32.01%	140.12%

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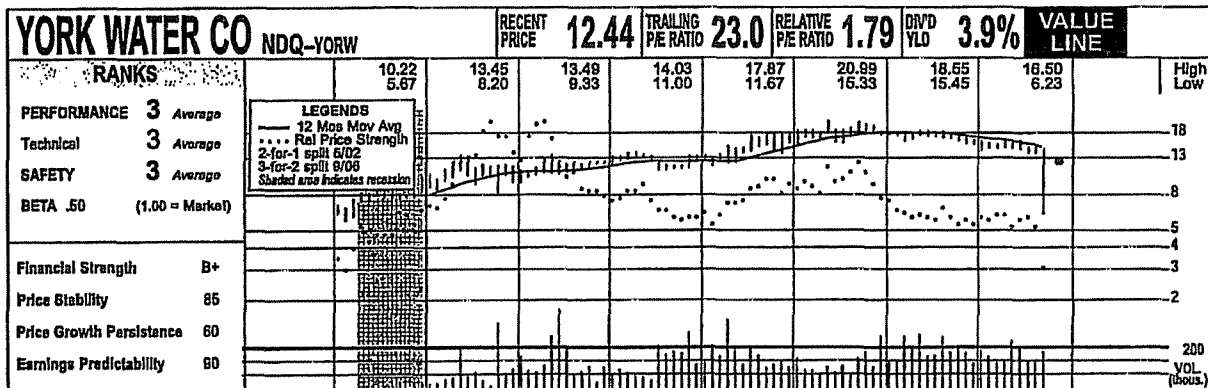
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SOUTHWEST WATER NDQ-SWWC				RECENT PRICE	10.41	P/E RATIO	33.6	(Trailing: 47.3 Median: 25.0)	RELATIVE P/E RATIO	2.78	DIV'D YLD	2.3%	VALUE LINE	
<b>TIMELINESS</b> 3	Raised 10/10/08	High: 5.0	5.6	8.2	8.3	10.2	12.4	11.2	14.3	16.2	18.1	16.4	13.4	Target Price Range 2011   2012   2013
<b>SAFETY</b> 3	New 10/28/05	Low: 2.8	3.5	3.8	5.1	6.9	7.6	8.1	10.3	9.0	10.8	11.5	8.2	
<b>TECHNICAL</b> 3	Raised 7/11/08	<b>LEGENDS</b> 250 x Dividends p sh divided by Interest Rate ..... Relative Price Strength 6-for-5 split 12/96 5-for-4 split 10/98 3-for-2 split 10/99 5-for-4 split 1/01 4-for-3 split 1/04 Options: No Shaded area indicates recession												
<b>BETA</b> 1.00	(1.00 = Market)	<b>2011-13 PROJECTIONS</b> Price Gain Return High 18 (+75%) 18% Low 12 (+15%) 7%												
<b>Inflow Decisions</b> N D J F M A M J J to Buy 0 0 0 0 0 0 0 0 to Sell 1 1 1 0 0 0 2 0														
<b>Institutional Decisions</b> (02/07 10/200 2/20/01) to Buy 31 41 45 to Sell 28 23 24 Net Buy (11080) 12145 13220 Percent shares traded 15 10 6														
<b>1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009</b>														
<b>REVENUES</b> 3.77 4.03 4.20 4.84 5.31 5.61 5.63 6.16 7.49 8.15 9.12 10.70 9.23 9.10 9.42 8.96 9.00 9.25 .44 .98 .38 .44 .46 .53 .59 .65 .76 .87 .85 .86 .81 .57 .78 .85 1.10 .19 .08 .09 .12 .15 .21 .25 .31 .38 .42 .39 .44 .23 .34 .40 .31 .25 .40 .18 .14 .08 .08 .09 .09 .10 .11 .13 .14 .15 .16 .18 .20 .21 .23 .24 .24														
<b>CAPITAL STRUCTURE as of 6/30/08</b> Total Debt \$183.3 mill. Due in 5 Yrs \$60.5 mill. LT Debt \$191.4 mill. LT Interest \$9.0 mill. (Total interest coverage: 2.7x) (48% of Cap'l) Leases, Uncapitalized: Annual rentals \$6.7 mill. Pension Liability None Pfd Stock \$458 mill. Pfd Div'd \$0.020 mill. Common Stock 24,592,038 shs. as of 8/1/08 MARKET CAP: \$250 million (Small Cap)														
<b>CURRENT POSITION</b> 2008 2007 6/30/08 Cash Accts 4.3 2.9 3.9 Receivables 27.5 26.0 30.2 Inventory (Avg Cst) -- -- -- Other 16.5 32.7 30.7 Current Assets 48.3 61.6 64.8 Accrs Payable 12.7 14.9 8.1 Debt Due 1.4 1.9 1.9 Other 21.7 29.4 25.6 Current Liab. 35.8 46.2 36.6														
<b>ANNUAL RATES of change (per sh)</b> Past 10 Yrs. Past 5 Yrs. Est'd '05-'07 to '11-'13 Revenues 5.5% 2.9% 1.6% "Cash Flow" 2.0% -6.5% 12.5% Earnings -1.5% -18.5% 9.5% Dividends 8.5% 8.0% 6.0% Book Value 10.5% 11.5% 7.0%														
<b>QUARTERLY REVENUES (\$ mill.)</b> Cal-ender Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2005 45.2 51.3 54.7 62.0 203.2 2006 50.8 55.4 60.1 57.9 224.2 2007 48.1 55.0 57.4 56.8 217.3 2008 50.8 57.1 59.0 58.1 225 2009 55.0 62.0 63.0 60.0 240														
<b>EARNINGS PER SHARE</b> Cal-ender Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2005 d.01 .15 .14 .06 .34 2006 .03 .08 .16 .13 .40 2007 .03 .09 .09 .11 .31 2008 d.01 .04 .10 .12 .25 2009 .05 .09 .12 .14 .40														
<b>QUARTERLY DIVIDENDS PAID</b> Cal-ender Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2004 .044 .044 .044 .048 .18 2005 .048 .048 .048 .052 .20 2006 .052 .052 .052 .058 .21 2007 .058 .058 .058 .058 .23 2008 .06 .06 .06 .06														
<b>BUSINESS:</b> Southwest Water Company provides a broad range of services including water production, treatment and distribution; wastewater collection and treatment; utility billing and collection; utility infrastructure construction management; and public works services. It operates out of two groups, Utility (43% of 2007 revenues) and Services (57%). Utility owns and manages rate-regulated public water utilities in California, New Mexico, Oklahoma, and Texas. Services does mostly maintenance work on a contract basis. Off. & dir. own 0.4% of com. shs.; Steln Roe Investment Council, 9.2% (4/08 proxy), CEO and Chairman: Mark Swatek, Inc.; DE. Addr.: One Wishire Building, 624 S. Grand Ave. Ste. 2800, Los Angeles, CA 90017. Tel.: 213-929-1800. Internet: www.swwc.com														
<b>Profits may likely dry up this year for Southwest Water.</b> Revenues for the second quarter showed a slight 4% increase from the prior year. However, the bottom line did not fare as well, dropping 55% year over year. The top line benefited from higher contributions from the utility segment, which showed growth of 17%. This was a result of the rate increase that was approved in Texas late last year, as well as the acquisition of a wastewater treatment plant in Birmingham, Alabama, a \$23.3 million purchase that was completed in the beginning of the year. The Services division business was down 6% year over year, but investors should note that comparisons are distorted by the shift of capital project work to the Utilities divisions. Other factors that impacted the top line included weakness in the housing market, the loss of revenues from the electrical contracting department that was shut down late last year, and loss of customer accounts in an increasingly competitive marketplace. The bottom line suffered from rising costs of repair and maintenance, and greater depreciation costs applied to the Texas utility.														
<b>A number of outstanding petitions in the courts may lead to an earnings recovery over the next few years.</b> In California, a rate increase case has been filed, and if approved, will add up to \$6.8 million in annualized revenues. The price hike would begin to be implemented in the first quarter of 2009. Also, an application has been accepted by the New Mexico Public Regulation Commission for a rate hike to cover rising costs of sewage treatment, and a rate increase case will likely be entered with the Albuquerque Bernalillo County Water Utility Authority once an ongoing litigation is concluded. Overall, higher prices from rate increases should support top-and bottom-line improvements out to 2011-2013. This stock is ranked to mirror the broader market in the coming six-to-12-month period. Also, the earnings recovery we foresee over the approaching 3 to 5 years has already been discounted in the current share price, limiting SWWC's price appreciation potential over this period. As a result, this stock does not have much appeal at this juncture.														
John D. Burke October 24, 2008														
<b>Company's Financial Strength</b> 8 <b>Stock's Price Stability</b> 60 <b>Price Growth Persistence</b> 50 <b>Earnings Predictability</b> 65														
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(A) Diluted earnings. Excludes nonrecurring gains (losses): '00, (3¢); '01, (5¢); '02, 1¢; '05, (2¢); '07, (5¢). Next earnings report due mid-December.  
 (B) Dividends historically paid in late January, April, July, and October.  
 (C) In millions, adjusted for splits.  
 (D) Includes intangibles. In 2007: \$19.9 million.  
 (E) Earnings may not add due to rounding.  
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VALUE LINE PUBLISHING, INC.	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009/2010
REVENUES PER SH	—	2.05	2.05	2.17	2.18	2.58	2.58	2.79	—	
"CASH FLOW" PER SH	—	.59	.57	.85	.85	.79	.77	.86	—	
EARNINGS PER SH	—	.43	.40	.47	.49	.58	.58	.57	.56 <sup>A,B</sup>	.66 <sup>C/NA</sup>
DIV'D DECL'D PER SH	—	.34	.35	.37	.39	.42	.45	.48	—	
CAP'L SPENDING PER SH	—	.75	.66	1.07	2.50	1.69	1.85	1.69	—	
BOOK VALUE PER SH	—	3.79	3.80	4.05	4.65	4.85	5.84	5.97	—	
COMMON SHS OUTST'G (MILL)	—	9.46	8.55	9.63	10.33	10.40	11.20	11.27	—	
AVG ANN'L P/E RATIO	—	17.9	26.9	24.5	25.7	26.3	31.2	30.3	22.2	18.8/NA
RELATIVE P/E RATIO	—	.92	1.47	1.40	1.36	1.39	1.68	1.61	—	
AVG ANN'L DIV'D YIELD	—	4.3%	3.3%	3.2%	3.1%	2.8%	2.5%	2.8%	—	
REVENUES (\$MILL)	18.5	19.4	19.6	20.9	22.5	26.8	28.7	31.4	—	Bold figures are consensus earnings estimates and, using the recent prices, P/E ratios.
NET PROFIT (\$MILL)	3.8	4.0	3.8	4.4	4.8	6.8	6.1	6.4	—	
INCOME TAX RATE	35.7%	35.8%	34.8%	34.8%	36.7%	36.7%	34.4%	36.5%	—	
AFUDC % TO NET PROFIT	—	2.2%	3.7%	—	—	—	7.2%	3.6%	—	
LONG-TERM DEBT RATIO	60.2%	47.7%	46.7%	43.4%	42.5%	44.1%	48.3%	46.5%	—	
COMMON EQUITY RATIO	49.8%	52.3%	53.3%	56.6%	57.5%	55.9%	51.7%	53.5%	—	
TOTAL CAPITAL (\$MILL)	65.2	68.6	69.9	69.0	83.6	80.3	126.5	125.7	—	
NET PLANT (\$MILL)	97.0	102.3	105.7	116.5	140.0	155.3	174.4	181.6	—	
RETURN ON TOTAL CAP'L	7.9%	7.8%	7.4%	8.5%	7.6%	8.4%	6.2%	6.7%	—	
RETURN ON SHR. EQUITY	11.6%	11.2%	10.2%	11.4%	10.0%	11.6%	9.3%	9.5%	—	
RETURN ON COM EQUITY	11.6%	11.2%	10.2%	11.4%	10.0%	11.6%	9.3%	9.5%	—	
RETAINED TO COM EQ	2.5%	2.5%	1.3%	2.6%	2.1%	3.0%	2.2%	1.7%	—	
ALL DIV'DS TO NET PROF	78%	78%	88%	77%	79%	74%	77%	82%	—	

<sup>A</sup>No. of analysts changing earn. est. in last 11 days: 0 up, 0 down, consensus 5-year earnings growth 8.0% per year. <sup>B</sup>Based upon 3 analysts' estimates. <sup>C</sup>Based upon 3 analysts' estimates.

ANNUAL RATES				ASSETS (\$mill.)			INDUSTRY: Water Utility				
of change (per share)	5 Yrs.	1 Yr.		2006	2007	6/30/08	<b>BUSINESS:</b> The York Water Company engages in the impounding, purification, and distribution of water in York County and Adams County, Pennsylvania. The company supplies water for residential, commercial, industrial, and other customers. It has two reservoirs, Lake Williams and Lake Redman, which together hold approximately 2.2 billion gallons of water. The company also has a 15-mile pipeline from the Susquehanna River to Lake Redman that provides access to an additional supply of water. It serves 39 municipalities in York County and seven municipalities in Adams County. In September, the company received approval of the Pennsylvania Public Utility Commission (PPUC) for the acquisition of the Asbury Pointe Water System in East Manchester Township, York County, Pennsylvania. In addition, the company filed a settlement petition of its pending rate case with the Pennsylvania Public Utility Commission. Has 109 employees. C.E.O. & President: Jeffrey R. Hines, Inc.: PA. Address: 130 East Market Street, York, PA 17401. Tel.: (717) 845-3601. Internet: <a href="http://www.yorkwater.com">http://www.yorkwater.com</a> .				
Revenues	5.0%	8.0%		Cash Assets	.0	.0				.0	
"Cash Flow"	6.5%	11.5%		Receivables	4.8	5.2				5.1	
Earnings	6.5%	-1.5%		Inventory (Avg cost)	.8	.8				.8	
Dividends	—	4.5%		Other	1.1	.8				1.0	
Book Value	7.5%	2.5%		Current Assets	6.7	6.8				6.9	
Fiscal Year	QUARTERLY SALES (\$mill.)			Property, Plant & Equip, at cost	202.7	223.1				--	
	1Q	2Q	3Q	4Q	Accum Depreciation	28.3				31.5	--
12/31/06	6.6	7.0	7.7	7.4	Net Property	174.4				181.6	198.7
12/31/07	7.4	7.9	8.3	7.8	Other	15.0				12.6	13.1
12/31/08	7.5	7.9			Total Assets	189.1	211.0	218.7			
12/31/09					LIABILITIES (\$mill.)						
Fiscal Year	EARNINGS PER SHARE			Accrs Payable	1.6	3.2	4.0				
	1Q	2Q	3Q	4Q	Debt Due	1.2	15.0	8.7			
12/31/05	.12	.14	.17	.13	Other	3.1	3.2	3.2			
12/31/06	.12	.14	.17	.15	Current Liab	5.9	21.4	15.9			
12/31/07	.12	.15	.16	.16	LONG-TERM DEBT AND EQUITY as of 6/30/08						
12/31/08	.11	.13	.17	.14	Total Debt \$79.3 mill.	Due in 5 Yrs. NA					
12/31/09	.13				LT Debt \$70.8 mill.						
Cal-ender	QUARTERLY DIVIDENDS PAID			Full Year	Including Cap. Leases NA	(51% of Cap'l)					
	1Q	2Q	3Q	4Q	Leases, Uncapitalized Annual rentals NA						
2005	.104	.104	.104	.104	Pension Liability \$4.0 mill in '07 vs. \$5.9 mill. in '08						
2006	.112	.112	.112	.112	Pfd Stock None						
2007	.118	.118	.118	.118	Pfd Div'd Paid None						
2008	.121	.121	.121	.121	Common Stock 11,289,837 shares						
					(49% of Cap'l)						

INSTITUTIONAL DECISIONS				TOTAL SHAREHOLDER RETURN				
to Buy	11	15	15	Dividends plus appreciation as of 9/30/2008				
to Sell	11	5	10	3 Mos.	6 Mos.	1 Yr.	3 Yrs.	5 Yrs.
Hld's(000)	1831	1874	1920	-14.28%	-16.12%	-24.09%	-21.80%	26.09%

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**AGL RESOURCES NYSE-ATG** RECENT PRICE **28.54** P/E RATIO **10.2** (Trailing: 11.0 Median: 14.0) RELATIVE P/E RATIO **1.00** DIV'D YLD **6.0%** VALUE LINE

TIMELINESS **3** Raised 11/7/08  
 SAFETY **2** New 7/27/00  
 TECHNICAL **3** Raised 12/21/07  
 BETA **.75** (1.00=Market)

2011-13 PROJECTIONS  
 High Price 55 (+95%)  
 Low Price 40 (+40%)

Insider Decisions  
 J F M A M J J A S  
 to Buy 0 0 0 0 0 0 0 0 0  
 to Sell 3 2 1 0 3 0 0 1 0

Institutional Decisions  
 to Buy 105 131 82  
 to Sell 127 106 130

LEGENDS  
 --- 1.25 x Dividends p sh  
 --- Adjusted by Interest Rate  
 .... Relative Price Strength  
 2-for-1 split 12/85  
 O: Yes  
 Shaded area: prior recession  
 Last recession began 12/07

Percent shares traded  
 12  
 8  
 4

% TOT. RETURN 11/08  
 THIS STOCK -14.6  
 VL. ARSTL. INDEX -41.0  
 1 yr. -2.7  
 3 yr. -30.9  
 5 yr. -10.6

1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	VALUE LINE PUB. INC 11-13	
20.43	22.73	23.59	19.32	21.91	22.75	23.36	18.71	11.25	19.04	15.32	16.25	23.89	34.98	33.73	32.84	35.40	35.90	Revenues per sh <sup>A</sup>	41.25
2.31	2.25	2.24	2.33	2.49	2.42	2.65	2.29	2.86	3.31	3.39	3.47	3.29	4.20	4.50	4.84	4.70	4.80	"Cash Flow" per sh	5.40
1.13	1.08	1.17	1.33	1.37	1.37	1.41	.91	1.29	1.50	1.82	2.08	2.28	2.48	2.72	2.72	2.70	2.60	Earnings per sh <sup>A,B</sup>	3.15
1.03	1.04	1.04	1.04	1.08	1.08	1.08	1.08	1.08	1.08	1.08	1.11	1.15	1.30	1.48	1.64	1.68	1.72	Div'd Decl'd per sh <sup>C</sup>	1.84
2.74	2.49	2.37	2.17	2.37	2.69	2.95	2.51	2.92	2.83	3.30	2.48	3.44	3.44	3.26	3.39	4.20	4.35	Cap'l Spending per sh	5.00
9.70	8.90	10.19	10.12	10.66	10.99	11.42	11.59	11.50	12.19	12.62	14.66	18.06	19.29	20.71	21.74	22.60	22.76	Book Value per sh <sup>D</sup>	23.15
48.69	49.72	60.86	65.02	65.70	66.60	67.30	67.10	64.09	65.10	66.70	64.50	76.70	77.70	77.70	76.40	77.00	78.00	Common Shs Outst'g <sup>E</sup>	80.00
16.5	17.9	16.1	12.6	13.8	14.7	13.9	21.4	13.5	14.8	12.5	12.5	13.1	14.3	13.5	14.7	14.7	14.7	Avg Ann'l P/E Ratio	15.0
.94	1.06	.89	.84	.86	.85	.72	1.22	.88	.75	.68	.71	.89	.76	.73	.76	.76	.76	Relative P/E Ratio	1.00
5.9%	6.4%	6.9%	6.2%	5.6%	6.4%	5.5%	6.5%	6.2%	4.9%	4.7%	4.3%	3.8%	3.7%	4.0%	4.1%	4.1%	4.1%	Avg Ann'l Div'd Yield	3.9%

**CAPITAL STRUCTURE as of 9/30/08**  
 Total Debt \$2444.0 mill. Due In 5 Yrs \$1088 mill.  
 LT Debt \$1676.0 mill. LT Interest \$85.0 mill.  
 (Total interest coverage: 3.8x)

Leases, Uncapitalized Annual rentals \$26.0 mill.

Pension Assets-12/07 \$383.0 mill.  
 Oblig. \$427.0 mill.

Pfd Stock None  
 Common Stock 76,760,439 shs.  
 as of 10/22/08

MARKET CAP: \$2.2 billion (Mid Cap)

2008	2007	9/30/08
20.0	21.0	11.0
1802.0	1780.0	1928.0
1822.0	1811.0	1940.0
213.0	172.0	181.0
538.0	580.0	769.0
875.0	883.0	872.0
1627.0	1646.0	1822.0
397%	391%	390%

2005	2006	2007	2008	2009
808	430	387	893	2718
1044	436	434	707	2821
973	467	369	685	2494
1012	444	539	730	2725
1040	480	605	775	2800

2005	2006	2007	2008	2009
1.14	.30	.19	.85	2.48
1.41	.26	.46	.60	2.72
1.29	.40	.17	.86	2.72
1.16	.30	.28	.96	2.70
1.20	.35	.30	.95	2.80

2004	2005	2006	2007	2008
.28	.29	.29	.29	1.15
.31	.31	.31	.37	1.30
.37	.37	.37	.37	1.48
.41	.41	.41	.41	1.64
.42	.42	.42	.42	

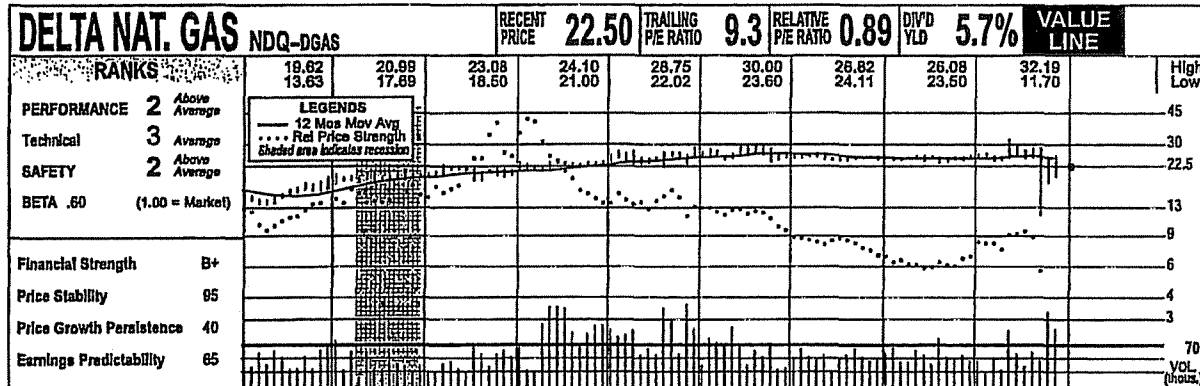
**Shares of AGL Resources have held up relatively well since our September review, despite considerable weakness in the broader market. The company reported healthy performance in the third quarter. Revenues and share earnings advanced considerably in the recent interim. This was primarily due to strength in the Wholesale Services business, which reported much higher operating income for the period. Elsewhere, performance at the Distribution Operations was helped by greater pipeline replacement revenues for Atlanta Gas Light. However, the utility operations continued to be dampened by weakness in the housing market, and customer growth has slowed significantly in recent times. Despite the challenging economic environment, healthy performance should continue at the company's core businesses. Thus, we anticipate solid results at AGL Resources going forward. The company continues to progress with its capital projects. The Hampton Roads Crossing Project remains on schedule and within budget. This initiative will connect two pipeline systems crossing the Hampton Roads harbor, and provide for an ample supply of natural gas to the region. The project will likely be completed late in 2009, and ought to earn solid returns for the company. Elsewhere, construction continues on the Spindletop salt dome in Beaumont, Texas. This underground natural gas storage facility will offer up to 12 billion cubic feet (bcf) of gas capacity in two caverns. The project should meet a growing demand for natural gas storage in the region. Meantime, AGL is moving forward with the Magnolia Pipeline Project. This \$48 million initiative will provide transportation of regasified liquid natural gas from Elba Island to Atlanta Gas Light in the Macon and Atlanta areas. Overall, this stock offers attractive total return potential for a utility. We anticipate steady bottom-line growth from 2009 onward, assuming capital projects pay off. Moreover, AGL earns high marks for Safety, Price Stability, and Earnings Predictability. Income investors may find this neutrally-ranked issue's healthy dividend yield appealing. Earnings need to pick up for dividend growth to remain above average, though.**

**Michael Napoli, CPA December 12, 2008**

(A) Fiscal year ends December 31st. Ended September 30th prior to 2002.  
 (B) Diluted earnings per share. Excl. nonrecurring gains (losses): '05, (\$0.83); '06, \$0.36; '00, \$0.13; '01, \$0.13; '03, (\$0.07); '08, (\$0.45).  
 (C) Dividends historically paid early March, June, Sept., and Dec. = Div'd reinvest.  
 (D) Includes Intangibles. At 9/30/08: \$418 million, \$5.44/share.  
 (E) In millions, adjusted for stock split.

Company's Financial Strength **B++**  
 Stock's Price Stability **100**  
 Price Growth Persistence **80**  
 Earnings Predictability **85**

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DELTA NAT. GAS	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009/2010
SALES PER SH	18.68	28.36	22.11	21.59	24.74	26.05	35.01	29.86	34.18	
"CASH FLOW" PER SH	3.27	3.08	3.16	2.85	2.65	2.86	2.84	3.19	3.49	
EARNINGS PER SH	1.42	1.47	1.46	1.49	1.20	1.55	1.55	1.62	2.08	2.00 <sup>A,B</sup> /NA
DIV'D DECL'D PER SH	1.14	1.14	1.16	1.18	1.18	1.18	1.20	1.22	1.24	
CAP'L SPENDING PER SH	3.58	2.83	3.72	2.80	2.80	1.66	2.39	2.47	1.69	
BOOK VALUE PER SH	12.73	13.12	13.51	14.49	15.26	16.73	16.16	16.61	17.48	
COMMON SHS OUTST'G (MILL)	2.46	2.50	2.53	3.17	3.20	3.23	3.28	3.28	3.30	
AVG ANNUAL P/E RATIO	10.9	12.3	14.1	14.5	20.1	16.8	16.9	15.5	12.3	11.3/NA
RELATIVE P/E RATIO	.71	.63	.77	.83	1.06	.89	.91	.82	.65	
AVG ANNUAL DIV'D YIELD	7.3%	6.3%	6.7%	6.5%	4.8%	4.5%	4.6%	4.8%	4.8%	
SALES (\$MILL)	45.9	70.8	55.9	68.4	79.2	84.2	117.3	98.2	112.7	
OPERATING MARGIN	34.9%	23.2%	28.3%	24.7%	21.2%	21.9%	16.2%	20.4%	19.6%	
DEPRECIATION (\$MILL)	4.6	4.0	4.4	4.5	4.7	4.3	4.6	5.2	4.7	
NET PROFIT (\$MILL)	3.5	3.6	3.6	3.9	3.8	6.0	5.0	6.3	6.8	
INCOME TAX RATE	37.4%	38.0%	38.2%	38.0%	38.1%	38.3%	38.6%	37.3%	37.9%	
NET PROFIT MARGIN	7.5%	5.1%	6.5%	5.8%	4.8%	6.9%	4.3%	5.4%	6.1%	
WORKING CAP'L (\$MILL)	d12.3	d12.6	d15.3	d.2	d.7	.9	4.6	5.1	8.2	
LONG-TERM DEBT (\$MILL)	50.7	49.3	48.6	53.4	53.0	52.7	58.8	58.6	58.3	
SHR. EQUITY (\$MILL)	31.3	32.8	34.2	45.9	48.8	50.8	52.6	54.4	67.6	
RETURN ON TOTAL CAP'L	6.6%	6.7%	6.6%	6.9%	6.6%	6.7%	6.7%	6.3%	7.5%	
RETURN ON SHR. EQUITY	11.1%	11.1%	10.6%	8.8%	7.9%	9.8%	9.6%	9.7%	11.8%	
RETAINED TO COM EQ	2.2%	2.5%	2.1%	1.6%	.2%	2.4%	2.1%	2.4%	4.8%	
ALL DIV'DS TO NET PROF	80%	78%	80%	81%	88%	76%	77%	75%	60%	

<sup>A</sup>No. of analysts changing est. in last 29 days: 0 up, 0 down, consensus 5-year earnings growth 3.0% per year. <sup>B</sup>Based upon one analyst's estimate.

ANNUAL RATES		
of change (per share)	5 Yrs.	1 Yr.
Sales	7.0%	14.0%
"Cash Flow"	1.5%	9.5%
Earnings	3.5%	28.6%
Dividends	1.0%	1.6%
Book Value	4.0%	5.0%

ASSETS (\$mill.)			
	2007	2008	9/30/08
Cash Assets	.2	.3	.9
Receivables	7.4	11.4	8.0
Inventory (Avg cost)	12.4	15.0	26.3
Other	5.6	7.3	11.7
Current Assets	25.6	34.0	47.9

**INDUSTRY: Natural Gas (D/v)**

**BUSINESS:** Delta Natural Gas Company, Inc. sells and distributes or transports natural gas to customers in central and southeastern Kentucky. The company's Regulated segment sells and distributes natural gas to its retail customers primarily in 23 rural counties. It also transports gas to industrial customers on its system who purchase gas in the open market, as well as transports gas on behalf of local producers and other customers not on its distribution system. The Non-Regulated segment purchases natural gas on the national market and from Kentucky producers, and resells this gas to industrial customers on its distribution system and to others not on its system. It also produces natural gas that is sold on the non-regulated market. Delta owns approximately 2,500 miles of natural gas gathering, transmission, distribution, storage, and service lines, as well as has interests in oil and gas leases on 10,300 acres located in Bell, Knox, and Whitley counties. Has 157 employees. Chairman, C.E.O. & President: Glenn R. Jennings, Inc.: KY. Address: 3617 Lexington Road, Winchester, KY 40391. Tel.: (859) 744-6171. Internet: <http://www.deltagas.com>.

E.B.

December 12, 2008

Fiscal Year	QUARTERLY SALES (\$mill.)				Full Year
	1Q	2Q	3Q	4Q	Year
08/30/08	14.2	42.1	48.5	14.5	117.3
08/30/07	13.1	28.4	41.0	16.7	88.2
08/30/06	12.4	29.3	48.4	22.8	112.7
08/30/05	18.1				

Fiscal Year	EARNINGS PER SHARE				Full Year
	1Q	2Q	3Q	4Q	Year
08/30/08	d.35	.87	1.16	d.18	1.55
08/30/07	d.18	.89	1.03	d.19	1.55
08/30/06	d.16	.73	1.12	d.07	1.62
08/30/05	d.25	.76	1.65	d.07	2.08
08/30/04	.08				

Cal-ender	QUARTERLY DIVIDENDS PAID				Full Year
	1Q	2Q	3Q	4Q	Year
2005	.295	.295	.30	.30	1.19
2006	.30	.30	.305	.305	1.21
2007	.305	.305	.31	.31	1.23
2008	.31	.31	.32	.32	1.26

LIABILITIES (\$mill.)			
	2007	2008	9/30/08
Accs Payable	10.3	12.2	11.1
Debt Due	6.4	8.0	25.9
Other	4.7	5.6	6.3
Current Liab	20.4	25.8	42.3

LONG-TERM DEBT AND EQUITY as of 9/30/08		
Total Debt \$84.1 mill.		Due In 5 Yrs. NA
LT Debt \$58.2 mill.		
Including Cap. Leases NA		
Leases, Uncapitalized Annual rentals NA		(51% of Cap'l)

Pension Liability None in '08 vs. \$1.7 mill. in '07		
Pfd Stock None		Pfd Div'd Paid None
Common Stock 3,301,117 shares		(49% of Cap'l)

INSTITUTIONAL DECISIONS			
	1Q'08	2Q'08	3Q'08
to Buy	9	12	5
to Sell	7	5	8
Hld's(000)	551	576	595

TOTAL SHAREHOLDER RETURN					
Dividends plus appreciation as of 11/30/2008					
	3 Mos.	6 Mos.	1 Yr.	3 Yrs.	5 Yrs.
	-15.15%	-19.08%	-1.42%	5.81%	26.92%

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LACLEDE GROUP NYSE-LG			RECENT PRICE	P/E RATIO	Trailing: 18.4 Median: 15.0	RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE						
<b>TIMELINESS</b> 2 Raised 10/10/08 <b>SAFETY</b> 2 Raised 6/20/03 <b>TECHNICAL</b> 1 Raised 12/5/08 <b>BETA</b> .65 (1.00 = Market)			48.89	21.2		2.08	3.1%							
<b>2011-13 PROJECTIONS</b> High 60 (+25%) Low 45 (-10%)			High: 28.6, 27.9, 27.0, 24.8, 25.5, 25.0, 30.0, 32.5, 34.3, 37.5, 36.0, 55.8 Low: 20.3, 22.4, 20.0, 17.5, 21.3, 19.0, 21.8, 28.0, 28.8, 29.1, 28.8, 31.9	Legend: 1.00 x Dividends p sh divided by Interest Rate Relative Price Strength Options: Yes Shaded area: prior recession Latest recession began 12/07		Target Price 2011 2012 Range 2013								
<b>Insider Decisions</b> J F M A M J J A S Buy 0 0 0 0 0 0 0 0 0 Options 0 0 1 0 0 0 0 2 0 Sell 0 0 1 0 0 0 0 2 0			Institutional Decisions 1Q2008 2Q2008 3Q2008 Buy 72 97 82 Sell 55 60 72 Hold 10482 11760 11843		Percent shares traded 7.5 6 2.5		% TOT. RETURN 11/08 YTD STOCK INDEX 1 yr. 89.2 -41.8 3 yr. 100.2 -30.9 5 yr. 124.7 -10.6							
<b>CAPITAL STRUCTURE as of 6/30/08</b> Total Debt \$368.0 mil. Due in 5 Yrs \$275.0 mil. LT Debt \$309.2 mil. LT Interest \$20.0 mil. (Total Interest coverage: 3.0x)			1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009		2008 2007 6/30/08		VALUE LINE PUB, INC 11-13							
Leases, Uncapitalized Annual rentals \$.9 mil. Pension Assets-9/07 \$289.3 mil. Pfd Stock \$.5 mil. Pfd Div'd \$.04 mil. Common Stock 21,071,760 shs. as of 8/5/08			26.83 32.33 33.43 24.79 31.03 34.33 31.04 26.04 28.89 63.08 39.84 64.85 69.59 75.49 83.51 93.40 100.40 96.00 2.32 2.81 2.65 2.55 3.29 3.32 3.02 2.58 2.68 3.00 2.68 3.15 2.78 2.98 3.81 3.67 4.20 4.30 1.17 1.61 1.42 1.27 1.87 1.84 1.58 1.47 1.37 1.61 1.18 1.82 1.82 1.80 2.37 2.31 2.64 2.50 1.20 1.22 1.22 1.24 1.26 1.30 1.32 1.34 1.34 1.34 1.34 1.35 1.37 1.40 1.45 1.49 1.63 2.87 2.82 2.50 2.63 2.35 2.44 2.68 2.68 2.77 2.51 2.80 2.87 2.45 2.84 2.97 2.72 2.55 2.65 11.79 12.19 12.44 13.05 13.72 14.28 14.67 14.86 14.89 15.26 15.07 15.85 16.96 17.31 18.85 18.79 22.10 21.90 15.59 15.59 15.67 17.42 17.55 17.56 17.63 18.88 18.88 18.88 18.96 19.11 20.98 21.17 21.38 21.65 22.00 22.50 15.8 13.5 16.4 15.5 11.8 12.5 15.5 15.8 14.9 14.5 20.0 13.8 15.7 16.2 13.6 14.2 14.3 .95 .80 1.08 1.04 .75 .72 .81 .90 .97 .74 1.09 .78 .93 .88 .73 .75 .85 6.5% 5.6% 6.3% 6.3% 5.6% 5.6% 5.4% 6.8% 6.6% 5.7% 6.7% 6.4% 4.7% 4.4% 4.3% 4.4% 3.8%		Revenues per sh 111.75 "Cash Flow" per sh 5.30 Earnings per sh A B 2.85 Div'ds Dec'd per sh C 1.65 Cap'l Spending per sh 3.40 Book Value per sh D 26.60 Common Shs Outst'g E 25.50 Avg Ann'l P/E Ratio 18.0 Relative P/E Ratio 1.20 Avg Ann'l Div'd Yield 3.1%		Revenues (\$mil) A 2850 Net Profit (\$mil) 76.0 Income Tax Rate 35.0% Net Profit Margin 2.7% Long-Term Debt Ratio 47.0% Total Capital (\$mil) 1250 Net Plant (\$mil) 1150 Return on Total Cap'l 7.5% Return on Shr. Equity 11.5% Return on Com Equity 11.5% Retained to Com Eq 5.0% All Div'ds to Net Prof 56%							
<b>MARKET CAP: \$1.1 billion (Mid Cap)</b>			547.2 491.6 568.1 1002.1 755.2 1050.3 1250.3 1697.0 1897.8 2021.8 2209.0 2160		27.9 28.9 28.0 30.5 22.4 34.8 36.1 40.1 50.5 49.8 57.5 56.5		35.6% 35.6% 35.2% 32.7% 35.4% 35.0% 34.8% 34.1% 32.5% 33.4% 31.3% 31.6% 6.1% 5.5% 4.5% 3.0% 3.0% 3.3% 2.8% 2.5% 2.5% 2.5% 2.6% 2.6% 40.9% 41.8% 45.2% 48.5% 47.5% 50.4% 51.5% 48.1% 49.5% 45.3% 44.5% 45.0% 68.6% 67.8% 64.8% 60.2% 62.3% 48.4% 48.3% 51.8% 50.4% 64.6% 65.8% 55.0%		438.0 488.6 519.2 574.1 546.6 605.0 737.4 707.9 789.9 784.6 875 895 490.8 519.4 575.4 602.5 694.4 621.2 640.8 679.5 763.8 763.8 825 855		8.1% 7.1% 6.7% 6.8% 6.0% 7.4% 6.6% 7.8% 8.4% 8.5% 8.0% 7.5% 10.8% 8.5% 8.1% 10.5% 7.8% 11.6% 10.1% 10.9% 12.5% 11.6% 12.0% 11.5% 10.8% 8.5% 8.1% 10.5% 7.8% 11.6% 10.1% 10.9% 12.5% 11.6% 12.0% 11.5% 1.8% 1.0% .2% 1.8% NMF 3.1% 2.7% 3.1% 5.1% 4.3% 6.0% 4.5% 83% 89% 88% 83% 113% 74% 73% 72% 59% 63% 57% 61%		Revenues (\$mil) A 2850 Net Profit (\$mil) 76.0 Income Tax Rate 35.0% Net Profit Margin 2.7% Long-Term Debt Ratio 47.0% Total Capital (\$mil) 1250 Net Plant (\$mil) 1150 Return on Total Cap'l 7.5% Return on Shr. Equity 11.5% Return on Com Equity 11.5% Retained to Com Eq 5.0% All Div'ds to Net Prof 56%	
<b>CURRENT POSITION</b> (MILL.) Cash Assets 60.8 52.7 33.0 Other 409.0 414.8 395.9 Current Assets 469.8 467.5 428.9 Accts Payable 103.3 108.8 191.4 Debt Due 297.5 284.5 68.6 Other 120.1 115.3 75.3 Current Liab. 430.8 473.7 326.5 Fix. Chg. Cov. 285% 282% 285%			<b>BUSINESS:</b> Laclede Group, Inc., is a holding company for Laclede Gas, which distributes natural gas in eastern Missouri, including the city of St. Louis, St. Louis County, and parts of 10 other counties. Has roughly 632,000 customers. Purchased SM&P Utility Resources, 1/02; divested, 3/08. Terms sold and transported in fiscal 2007: 1.12 mil. Revenue mix for regulated operations: residential, 60%; commercial and industrial, 24%; transportation, 1%; other, 15%. Has around 3,845 employees. Officers and directors own approximately 7.0% of common shares (1/08 proxy). Chairman, Chief Executive Officer, and President: Douglas H. Yeager. Incorporated: Missouri. Address: 720 Olive Street, St. Louis, Missouri 63101. Telephone: 314-342-0500. Internet: www.lacledegroup.com.		2005 2006 2007 2008 2009		2005 2006 2007 2008 2009		2005 2006 2007 2008 2009					
<b>ANNUAL RATES</b> Past 10 Yrs. Past 5 Yrs. Est'd '05-'07 to '11-'13 Revenues 11.5% 15.5% 4.5% "Cash Flow" 1.5% 6.5% 7.0% Earnings 3.0% 8.5% 4.5% Dividends 1.0% 1.0% 2.5% Book Value 3.0% 4.5% 6.5%			<b>QUARTERLY REVENUES (\$mil.)<sup>A</sup></b> Full Fiscal Year Dec.31 Mar.31 Jun.30 Sep.30 2005 442.5 676.5 311.3 266.7 1597.0 2006 689.2 708.8 330.6 289.0 1897.6 2007 539.8 700.8 457.9 323.3 2021.6 2008 504.0 747.7 605.5 461.8 2209.0 2009 540 540 540 540 2160		<b>EARNINGS PER SHARE A B F</b> Full Fiscal Year Dec.31 Mar.31 Jun.30 Sep.30 2005 .79 1.06 .29 d.24 1.80 2006 1.23 1.05 .13 d.04 2.37 2007 .89 .97 .43 .03 2.31 2008 .99 1.39 .41 d.14 2.64 2009 .95 1.16 .33 .05 2.50		<b>QUARTERLY DIVIDENDS PAID C =</b> Full Fiscal Year Mar.31 Jun.30 Sep.30 Dec.31 2005 .34 .345 .345 .345 1.38 2006 .345 .355 .355 .355 1.41 2007 .365 .365 .365 .365 1.46 2008 .375 .375 .375 .375 1.50 2009 .385		We do not believe that Laclede Group's share net in fiscal 2009 (which began on October 1st) will reach last year's level, attributable mainly to the difficult comparison. Regarding Laclede Gas, accounting for the biggest portion of profits, it appears that the substantial rate increase effective August 1st of 2007 won't be repeated. Furthermore, there may not be a recording of additional previously unrecognized tax benefits here. Meanwhile, Laclede Energy Resources stands to have a respectable performance (depending greatly on natural gas price volatility), but we do not anticipate a reversal of more tax-related expenses. All things considered, consolidated share net ought to decrease roughly 5%, to \$2.50, this fiscal year. Laclede Group's bottom line could expand in the mid-single-digit range (to \$2.60 a share) in fiscal 2010, assuming additional expansion in operating margins. Steady, if unspectacular, earnings increases seem achievable over the 3- to 5-year timeframe. Expansion of the customer base for the natural gas distribution unit has been moderate for some time be-		cause the service area, located in eastern Missouri, is in a mature stage. That being the case, internal growth here will likely remain a challenge. The non-regulated division has promising expansion opportunities, but it has contributed just a small portion to Laclede Group's profits on a historical basis. A significant acquisition could help to offset this, but it appears that management has no such plans in the works at this juncture. Consequently, annual bottom-line advances could be only between 4% and 5% over the 2011-2013 horizon. This favorably ranked equity offers a decent level of current dividend income, which is adequately covered by earnings. But further increases in the distribution will probably be slow in coming. This is primarily because of the regulated gas segment's unexciting long-term growth prospects. Total-return possibilities are limited. That is attributable to these shares' relatively high present quotation and our expectation of moderate increases in the dividend. Frederick L. Harris, III December 12, 2008			
(A) Fiscal year ends Sept. 30th. (B) Based on average shares outstanding thru 9/7, then diluted. Excludes nonrecurring loss: '06, '74. Excludes gain from discontinued operation. © 2008, Value Line Publishing, Inc. All rights reserved. Federal material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.			(C) Dividends historically paid in early January, April, July, and October. = Dividend reinvestment plan available. (D) Incl. deferred		changes. In '07: \$289.7 mil., \$13.38/sh. (E) In millions. (F) Qty. eqs. may not sum due to rounding or change in shares outstanding.		Company's Financial Strength B+ Stock's Price Stability 100 Price Growth Persistence 60 Earnings Predictability 75							
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<b>NEW JERSEY RES. NYSE-NJR</b>		RECENT PRICE	38.42		P/E RATIO	12.2 (Trailing: 14.2 Median: 15.0)		RELATIVE P/E RATIO	1.20		DIV'D YLD	3.2%		<b>VALUE LINE</b>		
TIMELINESS 2 Raised 11/28/08 SAFETY 1 Raised 9/15/06 TECHNICAL 2 Raised 11/21/08 BETA .70 (1.00 = Market)		High: 18.7 Low: 12.6	17.8 14.0	18.3 14.9	19.8 16.1	21.7 16.6	22.4 16.2	25.4 20.0	29.7 24.3	32.9 27.1	35.4 27.7	37.6 30.3	41.1 24.6	Target Price 2011	Range 2012	2013
2011-13 PROJECTIONS Price Gain Any Total High 45 (+15%) 7% Low 40 (+5%) 4%																
Insider Decisions J F M A M J J A S to Buy 0 0 0 0 0 0 0 0 0 Opts 2 0 0 1 2 0 0 0 1 0 to Sell 0 2 0 0 2 0 0 1 0		Institutional Decisions to Buy 85 80 84 to Sell 70 62 69 (Incl. OTC) 26518 26910 26312														
Institutional Decisions (to Buy) (to Sell) (Incl. OTC)		1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009														
CAPITAL STRUCTURE as of 9/30/08 Total Debt \$593.4 mil. Due in 5 Yrs \$176.6 mil. LT Debt \$455.1 mil. LT Interest \$16.9 mil. Incl. \$8.8 mil. capitalized leases. (LT interest earned: 4.8%; total interest coverage: 4.8x) Pension Assets-9/08 \$80.6 mil.		710.3 804.3 1164.5 2048.4 1830.8 2544.4 2533.6 3148.3 3299.6 3021.8 3816.2 3930 49.3 44.9 47.9 62.3 56.8 65.4 71.6 74.4 78.5 65.3 113.9 120														
Pfd Stock None Common Stock 42,120,169 shs. as of 11/20/08 MARKET CAP: \$1.6 billion (Mid Cap)		30.4% 36.2% 37.8% 38.0% 38.7% 39.4% 39.1% 39.1% 38.9% 38.8% 37.8% 39.0% 8.1% 5.0% 4.1% 2.6% 3.1% 2.6% 2.8% 2.4% 2.4% 2.2% 3.0% 3.1% 51.2% 48.7% 47.0% 50.1% 50.5% 38.1% 40.3% 42.0% 34.8% 37.3% 38.5% 38.0% 45.6% 51.2% 62.8% 49.8% 49.4% 61.9% 69.7% 68.0% 65.2% 62.7% 61.5% 62.0%														
ANNUAL RATES of change (per sh) Past 10 Yrs. Past 5 Yrs. Past 1 Yr. Est'd '05-'07 to '11-'13 Revenues 18.5% 13.0% 7.6% "Cash Flow" 5.5% 4.5% 7.0% Earnings 5.5% 6.0% 9.5% Dividends 3.5% 4.0% 6.0% Book Value 7.5% 10.0% 11.0%		638.2 590.4 820.1 705.2 732.4 676.8 783.6 765.3 854.0 1028.0 1182.1 1325 680.0 705.4 730.6 743.9 766.4 852.6 880.4 905.1 934.9 970.9 1017.3 1040														
CURRENT POSITION 2008 2007 9/30/08 (mil.) Cash Assets 6.0 5.1 42.6 Other 860.5 794.8 1067.1 Current Assets 866.5 799.9 1109.7 Accts Payable 48.6 64.4 61.7 Debt Due 284.4 270.8 238.3 Other 568.0 378.1 594.0 Current Liab. 897.2 703.3 894.0 Fix. Chg. Cov. 570% 461% 450%		4.4% 5.0% 5.4% 6.1% 6.8% 8.7% 7.7% 7.8% 8.5% 8.3% 8.3% 8.0% 71% 67% 63% 69% 65% 51% 49% 50% 50% 64% 41% 44%														
QUARTERLY REVENUES (\$ mil) A Fiscal Year Ends: Dec.31 Mar.31 Jun.30 Sep.30 Full Fiscal Year		2005 854.1 1065 544.3 684.9 3148.3 2006 1164 1084 636.1 535.5 3288.6 2007 737.4 1029 662.2 593.2 3021.8 2008 811.1 1178 1000 827.1 3816.2 2009 850 1190 1050 840 3930														
QUARTERLY EARNINGS PER SHARE A,B Fiscal Year Ends: Dec.31 Mar.31 Jun.30 Sep.30 Full Fiscal Year		2005 .81 1.23 .05 0.12 1.77 2006 .82 1.43 0.09 0.29 1.87 2007 .70 .19 .60 .06 1.55 2008 .87 .30 0.18 1.86 2.70 2009 .90 .40 1.1 1.50 2.80														
QUARTERLY DIVIDENDS PAID C,D,E Calendar: Mar.31 Jun.30 Sep.30 Dec.31 Full Year		2004 .217 .217 .217 .217 .87 2005 .227 .227 .227 .227 .91 2006 .24 .24 .24 .24 .96 2007 .253 .253 .253 .253 1.01 2008 .267 .28 .28 .28														
BUSINESS: New Jersey Resources Corp. is a holding company providing retail/wholesale energy svcs. to customers in New Jersey, and in states from the Gulf Coast to New England, and Canada. New Jersey Natural Gas had about 478,000 customers at 8/30/07 in Monmouth and Ocean Counties, and other N.J. Counties. Fiscal 2007 volume: 102.8 bill. cu. ft. (58% firm, 6% interruptible industrial and electric utility, 36% off-system and capacity release). N.J. Natural Energy subsidiary provides unregulated retail/wholesale natural gas and related energy svcs. 2007 dep. rate: 2.8%. Has 808 empl. Off. dir. own about 2% of common (12/07 Proxy). Chmn., CEO, & Pres.: Laurence M. Downes, Inc., N.J. Addr.: 1415 Wyckoff Road, Wall, NJ 07719. Tel.: 732-938-1480. Web: www.njrresources.com.		New customers at the NJNG division are expected to contribute approximately \$4 million annually to utility gross margins. And there is still sizable room for that segment to grow through potential customers and conversions. The NJR Energy Services unit has benefited from its dynamic portfolio of supply storage and transportation contacts. And the Steckman Ridge facility ought to complement that mix nicely. All told, the company's prospects appear bright. Meanwhile, the balance sheet and financial position appear strong. NJR has ample cash on hand, and solid access to capital through revolving bank credit. These timely shares have been on a bumpy ride since our September review. Still, they are currently trading up about 6% over that interim, thanks to a dividend increase and solid earnings this past year. Meanwhile, the 10.7% hike in NJR's quarterly dividend may appeal to income-oriented accounts. And conservative investors may find the high Safety rank (1) and solid Financial Strength rating (A) comforting.														
(A) Fiscal year ends Sept. 30th. (B) Diluted earnings. Qly eggs may not sum to total due to change in shares outstanding. Next earnings report due late Jan. (C) Dividends historically paid in early January, April, July, and October. D Dividend reinvestment plan available. (D) Includes regulatory assets in 2008: \$340.7 million, \$8.09/shares. (E) In millions, adjusted for split. (F) Restated.		We have raised our 2009 annual estimate by 30%. This stems a recent base rate case approval for NJNG that boosts annual revenues by \$32.5 million, as well as the aforementioned capital projects.														
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Bryan Fong December 12, 2008

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NICOR, INC. NYSE-GAS		RECENT PRICE	PIE RATIO 18.5 (Trading: 12.9 Median: 15.0)										RELATIVE PIE RATIO	DIVD YLD	VALUE LINE		
<b>TIMELINESS</b> 3 Raised 12/7/07	High: 42.8	36.17	44.4	42.9	43.9	42.4	48.0	39.3	39.7	43.0	49.9	53.7	52.0	5.1%	Target Price	Range	
<b>SAFETY</b> 3 Lowered 6/17/05	Low: 30.0		37.1	29.4	29.4	34.0	17.3	23.7	32.0	35.5	38.7	37.8	32.3		2011	2012	
<b>TECHNICAL</b> 2 Raised 10/10/08	<b>LEGENDS</b> 1.20 x Dividends p sh divided by Interest Rate .... Relative Price Strength Options: Yes Shaded area: prior recession Latest recession began 12/07																
<b>BETA</b> .70 (1.00 = Market)	<b>2011-13 PROJECTIONS</b> Price Gain Ann'l Total High 66 (+80%) 19% Low 45 (+25%) 10%																
<b>Insider Decisions</b> J F M A M J J A S to Buy 0 0 0 0 0 0 0 0 0 to Sell 0 0 0 0 0 0 0 0 0 to Hold 0 0 0 0 0 0 0 0 0																	
<b>Institutional Decisions</b> to Buy 10284 30284 30284 to Sell 91 119 105 to Hold 120 90 125 Percent shares traded 18 12 6																	
<b>% TOT. RETURN 11/08</b> 1 yr. 1.2 3 yr. 15.9 5 yr. 55.9																	
<b>VALUATION</b> P/E RATIO 18.5 (Trading: 12.9 Median: 15.0) RELATIVE PIE RATIO 1.81 DIVD YLD 5.1% VALUE LINE																	
<b>Historical Data (1992-2009)</b>																	
1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
28.90	31.02	31.23	29.42	37.29	41.33	30.84	34.45	60.62	67.30	43.11	60.46	62.42	76.00	65.92	69.20	83.35	86.65
4.14	3.80	4.11	4.19	4.97	5.29	5.21	5.59	8.16	8.41	6.03	5.37	6.00	6.19	6.82	8.96	6.60	7.15
1.92	1.97	2.07	1.96	2.42	2.55	2.31	2.57	2.84	3.01	2.88	2.11	2.22	2.29	2.87	2.98	2.25	2.50
1.18	1.22	1.25	1.28	1.32	1.40	1.48	1.54	1.68	1.76	1.64	1.88	1.86	1.86	1.86	1.86	1.86	1.86
3.12	2.62	3.34	3.12	2.42	2.34	2.87	3.28	3.48	4.16	4.37	4.12	4.32	4.57	4.17	3.77	4.20	4.35
12.76	13.05	13.26	13.67	14.74	15.43	15.97	16.80	16.56	16.39	16.55	17.13	16.99	18.36	19.43	20.58	20.75	21.35
55.77	63.96	61.54	60.30	49.49	48.22	47.51	46.89	45.49	44.40	44.01	44.04	44.10	44.18	44.90	45.90	45.00	45.00
11.6	14.1	12.5	13.1	12.5	14.2	17.5	14.6	11.9	12.8	13.1	16.8	16.9	17.3	15.0	16.0	16.0	16.0
.70	.83	.82	.88	.78	.82	.92	.83	.77	.66	.72	.90	.84	.92	.81	.80	.80	.80
6.3%	4.4%	4.8%	5.0%	4.4%	3.9%	3.6%	4.1%	4.7%	4.6%	4.8%	5.6%	5.3%	4.7%	4.3%	4.2%		
<b>CAPITAL STRUCTURE as of 8/30/08</b> Total Debt \$937.0 mil. Due in 5 Yrs \$544.0 mil. LT Debt \$448.0 mil. LT Interest \$30.0 mil. (Total Interest coverage: 5.9x)																	
<b>Pension Assets-12/07 \$478.7 mil. Oblig. \$263.2 mil.</b>																	
<b>Pfd Stock \$.6 mil. Pfd Div'd None</b>																	
<b>Common Stock 45,181,267 shares as of 10/27/08</b> MARKET CAP: \$1.6 billion (Mid Cap)																	
<b>CURRENT POSITION (MILL.)</b>																	
Cash Assets	67.6	81.9	74.4														
Other	843.1	931.9	934.5														
Current Assets	910.7	1013.8	1008.9														
Accrs Payable	584.5	428.2	435.4														
Debt Due	350.0	444.0	489.0														
Other	227.9	404.2	394.8														
Current Liab.	1142.4	1276.4	1319.3														
Fix. Chg. Cov.	543%	544%	94%														
<b>ANNUAL RATES</b> Past 10 Yrs. Past 5 Yrs. Est'd '05-'07 (change per sh) 10 Yrs. 5 Yrs. to '11-'13																	
Revenues	7.0%	7.0%	6.0%														
"Cash Flow"	3.5%	1.5%	5.0%														
Earnings	1.5%	-1.5%	4.0%														
Dividends	3.5%	1.0%	N/A														
Book Value	3.0%	4.0%	4.5%														
<b>QUARTERLY REVENUES (\$ mil.)</b>																	
Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year												
2005	179.9	484.4	336.0	1357.5	3357.8												
2006	319.4	451.3	351.1	838.2	2960.0												
2007	334.7	556.9	365.2	919.5	3176.3												
2008	585.7	699.8	440.3	1014.2	3750												
2009	650	715	435	1100	3900												
<b>EARNINGS PER SHARE (A)</b>																	
Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year												
2005	.98	.35	d.08	1.02	2.29												
2006	.99	.19	.39	1.30	2.67												
2007	1.04	.40	.32	1.22	2.88												
2008	.91	.64	.03	.67	2.25												
2009	.90	.35	.25	1.00	2.50												
<b>QUARTERLY DIVIDENDS PAID (B)</b>																	
Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year												
2004	.465	.465	.465	.465	1.86												
2005	.465	.465	.465	.465	1.86												
2006	.465	.465	.465	.465	1.86												
2007	.465	.465	.465	.465	1.86												
2008	.465	.465	.465	.465	1.86												
<b>BUSINESS:</b> Nicor Inc. is a holding company with gas distribution as its primary business. Serves over 2.2 million customers in northern and western Illinois. 2007 gas delivered: 468.3 Bcf, incl. 212.1 Bcf from transportation. 2007 gas sales (268.2 bcf): residential, 79%; commercial, 19%; industrial, 2%. Principal supplying pipelines: Natural Gas Pipeline, Horizon Pipeline, and TGFC. Current operations include Tropical Shipping subsidiary and several energy related ventures. Divested oil and gas E&P, 6/93. Has about 3,900 employees. Officers/directors own about 2.2% of common stock (3/08 proxy). Chairman and Chief Executive Officer: Russ Strobel. Incorporated: Illinois. Address: 1844 Ferry Road, Naperville, Illinois 60563. Telephone: 630-305-9500. Internet: www.nicor.com.																	
<b>NICOR'S PERFORMANCE:</b> Nicor's performance has been unimpressive lately. Most notably, earnings of \$0.03 a share fell well short of our \$0.20-a-share estimate. Weakness in the gas distribution business was the primary reason for the disappointing performance. The company has faced various challenges over the course of 2008 including high gas prices, rising costs, and tough market conditions in its shipping business. Management reiterated its outlook for the year. Despite the shortfall in the September interim, Nicor expects earnings to be between \$2.20 and \$2.40 a share for 2008. This view does not include the potential for volatility in natural gas markets and assumes normal weather for the remainder of the year. We look for earnings to be on the low end of the company's guidance. Given the weak third-quarter showing, we estimate share net will be \$2.25. Nicor will probably continue to face a challenging operating environment, which should pressure results in the December period. Nicor is still focused on obtaining rate relief. The company filed a case and is awaiting a decision from the Illinois Commerce Commission (ICC). Nicor initially wanted to increase its rate base by \$140.3 million in order to recoup rising costs in its market. This case reflected an 11.05% return on equity on a \$1.5 billion base. In response to a direct testimony by the ICC, the company filed rebuttal testimony in late September, which revised its proposed rate to \$141.6 million and increased its cost of equity to 11.15%. All told, the process is expected to continue into the middle of 2009, and the outcome should be a key factor in GAS' performance over the coming years. Thus, we recommend investors continue to keep a close eye on these proceedings over the coming months. This stock is ranked 3 (Average) for year-ahead performance. However, risk-averse investors may find these stable shares appealing, given the volatility in the world's financial markets. Nicor's yield is above the industry average, which may interest income-oriented accounts. Still, the company will probably continue to be pressured by a tough operating environment in the foreseeable future. Therefore, most investors should look elsewhere.																	
Richard Gallagher December 12, 2008																	
<b>Company's Financial Strength</b> Stock's Price Stability 100 Price Growth Persistence 35 Earnings Predictability 75																	
(A) Based on primary earnings thru '98, then diluted. Excl. nonrecurring gains/loss; '97, 6¢; '98, 11¢; '99, 5¢; '00, (\$1.88); '01, 16¢; '03, (27¢); '04, (62¢); '05, 80¢; '06, (17¢); '07 (13¢). Excl. items from discontinued ops.; '83, 4¢; '86, 30¢. Next eps. report due late February. (B) Dividends historically paid mid February, May, August, November. = Dividend reinvest. (C) In millions. © 2008, Value Line Publishing, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, stored, copied or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.																	
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N.W. NAT'L GAS NYSE-NWN		RECENT PRICE	P/E RATIO		RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE												
		46.38	17.4 (Trailing: 18.0 Median: 16.0)		1.71	3.4%													
<b>TIMELINESS</b> 3	Raised 8/8/08	High: 31.4	30.8	27.9	27.5	26.8	30.7	31.3	34.1	39.6	43.7	52.8	55.2	Target Price	Range				
<b>SAFETY</b> 1	Raised 3/18/05	Low: 23.0	24.3	19.5	17.8	21.7	23.5	24.0	27.5	32.4	32.8	39.8	37.7	2011	2012				
<b>TECHNICAL</b> 1	Raised 12/12/08	<b>LEGENDS</b> 1.10 x Dividends p sh divided by Interest Rate Relative Price Strength 34x2 sp8 950 Options: Yes Shaded area: prior recession Latest recession began 12/07																	
<b>BETA</b> .50	(1.00 = Market)	<b>2011-13 PROJECTIONS</b> Price Gain Ann'l Total High 65 (+40%) 12% Low 55 (+20%) 5%																	
<b>Insider Decisions</b>		J F M A M J J A S to Buy 0 0 0 0 1 0 0 0 to Sell 0 0 0 0 1 0 1 2 Net 0 0 0 0 0 1 1 2																	
<b>Institutional Decisions</b>		10/28/04 10/18/04 10/18/04 to Buy 77 78 65 to Sell 82 71 74 Net 16772 16947 16310 Percent shares traded 16 10 6																	
		% TOT. RETURN 11/08 THIS STOCK VS. S&P 500 INDEX 1 yr. 7.8 -41.9 3 yr. 61.1 -30.9 5 yr. 86.5 -10.5																	
1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	VALUE LINE PUBL. INC.	11-13
14.10	18.15	18.30	18.02	16.88	16.82	16.77	16.17	21.09	25.78	25.07	23.57	25.69	33.01	37.20	39.13	40.65	43.95	Revenues per sh	60.00
3.25	3.74	3.50	3.41	3.86	3.72	3.24	3.72	3.68	3.86	3.65	3.85	3.92	4.34	4.76	5.41	5.40	5.75	"Cash Flow" per sh	6.60
.74	1.74	1.63	1.61	1.87	1.78	1.02	1.70	1.79	1.88	1.82	1.76	1.86	2.11	2.35	2.78	2.55	2.80	Earnings per sh A	3.35
1.15	1.17	1.17	1.18	1.20	1.21	1.22	1.23	1.24	1.25	1.26	1.27	1.30	1.32	1.39	1.44	1.52	1.60	Div'ds Decl'd per sh B	1.88
3.73	3.61	4.23	3.02	3.70	5.07	4.02	4.78	3.46	3.23	3.11	4.80	5.52	3.48	3.58	4.48	5.45	8.00	Cap'l Spending per sh	4.50
12.41	13.08	13.83	14.55	16.37	16.02	16.59	17.12	17.93	18.58	18.88	19.52	20.84	21.28	22.01	22.52	23.65	23.75	Book Value per sh	26.50
18.45	18.77	20.13	22.24	22.56	22.86	24.85	25.09	25.23	25.23	25.59	25.94	27.55	27.58	27.24	26.41	26.50	26.50	Common Shs Outst'g C	28.00
27.0	12.9	13.0	12.9	11.7	14.4	26.7	14.5	12.4	12.9	17.2	15.8	16.7	17.0	15.9	16.7	15.9	16.7	Relative P/E Ratio	1.20
1.84	.76	.85	.86	.73	.83	1.39	.83	.81	.66	.84	.90	.89	.91	.86	.88	.88	.88	Avg Ann'l Div'd Yield	3.1%
5.7%	5.2%	5.5%	5.7%	5.2%	4.8%	4.5%	6.0%	5.6%	5.1%	4.5%	4.6%	4.2%	3.7%	3.7%	3.1%	3.1%	3.1%		
<b>CAPITAL STRUCTURE as of 9/30/08</b>		Total Debt \$885.8 mill. Due in 5 Yrs \$259.8 mill. LT Debt \$512.0 mill. LT Interest \$37.0 mill. (Total interest coverage: 4.0x)																	
<b>Pension Assets 12/07 \$241 mill.</b>		Oblig. \$280 mill. Pfd Stock: None																	
<b>Common Stock 26,470,688 shs.</b>		as of 10/31/08 MARKET CAP \$1.2 billion (Mid Cap)																	
<b>CURRENT POSITION</b>		2009	2007	9/30/08	<b>BUSINESS:</b> Northwest Natural Gas Co. distributes natural gas to 80 communities, 657,000 customers, in Oregon (80% of customers) and in southwest Washington state. Principal cities served: Portland and Eugene, OR; Vancouver, WA. Service area population: 2.5 mill. (77% in OR). Company buys gas supply from Canadian and U.S. producers; has transportation rights on Northwest Pipeline system. Owns local underground storage. Rev. breakdown: residential, 55%; commercial, 28%; industrial, gas transportation, and other, 17%. Employs 1,130. Barclays Global owns 6.5% of shares; off/di., 1.3% (4/08 proxy). CEO Mark S. Dodson; CEO-elect: Gregg S. Kantor, Inc.; Oregon. Address: 220 NW 2nd Ave., Portland, OR 97208. Tel: 503-226-4211. Internet: www.nwnatural.com.														
Cash Assets	5.8	8.1	4.1	<b>Northwest Natural's third-quarter results reflected mostly unusual items.</b> In the 2007 period, the company received a state tax refund, and in the 2008 quarter, it lost money from its gas cost-sharing mechanism in Oregon; the two items added up to about \$0.12 a share of the higher year-to-year loss. (Gas utilities usually book losses in the summer quarter.) Meanwhile, customer growth, at 2.4% from September 30, 2007, was below the recent 3% pace, but still above the national average. Lower costs should lead to a good fourth-quarter earnings gain. Despite the higher-than-expected third-quarter loss, Northwest reaffirmed its 2008 earnings-per-share guidance of \$2.48-\$2.63. In the final frame of 2007, Northwest spent about \$3 million over its normal operating expenses, partly in connection with redoing some business practices. The absence of those costs, plus continued customer growth, should produce a good earnings boost. We look for normal earnings growth in 2009, excluding the effects of gas cost-sharing. In the first nine months of 2008, Northwest lost about \$0.17 a share from its gas cost-sharing in Oregon. The state has modified the cost-sharing procedure, so that the company now chooses to receive either 20% or 10% of the difference between actual gas costs and the prices built into rates, with the balance going to its customers. For the next year, starting in November 2008, Northwest has chosen to retain 20% of that difference, believing that it will earn a small profit from the cost-sharing arrangement. Several projects should contribute considerably to earnings by the end of our 3- to 5-year horizon. Gill Ranch, a gas storage project near Fresno, CA, should receive approval from that state next year and open by 2011. The Palomar pipeline, a joint venture with TransCanada, would connect Portland to a second source of gas. Northwest's investment in the two projects would total about \$525 million if both halves of Palomar are built. The two investments would add significantly to our out-year earnings forecast. These top-quality shares, steady in recent troubled times, should appeal to conservative investors. <i>Sigourney b. Romaine December 12, 2008</i>															
Oilier	303.0	268.8	279.7	<b>ANNUAL RATES</b> Past 10 Yrs. Past 5 Yrs. Est'd '05-'07 to '11-'13 Revenues 8.5% 8.5% 6.5% "Cash Flow" 3.0% 5.5% 5.0% Earnings 3.0% 6.5% 7.0% Dividends 1.5% 2.0% 5.5% Book Value 3.5% 3.5% 3.5%															
Current Assets	308.6	274.9	283.8	<b>QUARTERLY REVENUES (\$ mill.)</b> Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2005 308.7 153.7 106.7 341.4 910.5 2006 390.4 171.0 114.9 336.9 1013.2 2007 394.1 183.2 124.2 331.7 1033.2 2008 387.7 191.3 109.7 311.3 1000 2009 380 180 120 335 1025															
Accs Payable	113.6	119.7	53.5	<b>EARNINGS PER SHARE A</b> Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2005 1.44 .04 d.31 .94 2.11 2006 1.48 .07 d.35 1.15 2.35 2007 1.77 .10 d.22 1.11 2.78 2008 1.63 .08 d.38 1.22 2.55 2009 1.70 .13 d.30 1.27 2.80															
Debt Due	129.6	148.1	174.8	<b>QUARTERLY DIVIDENDS PAID B</b> Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2004 .325 .325 .325 .325 1.30 2005 .325 .325 .325 .345 1.32 2006 .345 .345 .345 .355 1.39 2007 .355 .355 .355 .375 1.44 2008 .375 .375 .375 .395															
Oilier	88.3	122.1	184.0	<b>Company's Financial Strength</b> Stock's Price Stability 100 Price Growth Persistence 70 Earnings Predictability 80															
Current Liab.	341.5	389.9	412.3	<b>Footnotes:</b> (A) Diluted earnings per share. Excludes non-recurring items: '88, \$0.16; '00, \$0.11; '06, \$(0.06). Next earnings report due early February 2009. (B) Dividends historically paid in mid-February, mid-May, mid-August, and mid-November. = Dividend reinvestment plan available. (C) In millions, adjusted for stock split.															
Fx. Chg. Cov.	349.5	408.9	NMF	<b>© 2008, Value Line Publishing, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.</b>															

PIEDMONT NAT'L GAS NYSE-PNY										RECENT PRICE	P/E RATIO	Trailing: 19.9 Median: 17.0	RELATIVE P/E RATIO	DIVID YLD	3.3%	VALUE LINE			
<b>TIMELINESS</b> 3	Rated 6/15/07	Flight	16.2	16.1	16.3	16.7	16.0	19.0	22.0	24.3	25.8	26.4	26.0	35.3		Target Price Range			
<b>SAFETY</b> 2	New 7/2/06	Low	11.0	13.9	14.3	11.6	14.6	13.7	16.6	18.2	21.3	23.2	22.0	21.7		2011 2012 2013			
<b>TECHNICAL</b> 7	Rated 12/5/08	<b>LEGENDS</b> 1.40 x Dividends p sh divided by Interest Rate Relative Price Strength 24-mo 1 spd 11/04 Options: Yes Shaded area: prior recession Latest recession began 12/07																	
<b>BETA</b> .70	(1.00 = Market)	<b>2011-13 PROJECTIONS</b> Price Gain Return High 40 (+30%) 19% Low 30 (-5%) 3%																	
<b>Insider Decisions</b> J F M A M J J A S to Buy 0 0 0 0 0 0 0 0 0 to Sell 0 0 0 0 0 0 0 0 0 to Hold 0 0 0 0 0 0 0 0 0																			
<b>Institutional Decisions</b> 1Q08 2Q08 3Q08 4Q08 to Buy 78 97 82 83 to Sell 65 77 88 88 to Hold 36778 36888 35228 30288 Percent shares traded 7.5 2.5																			
1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	VALUE LINE PUB, INC. '11-'13	
8.91	10.57	10.82	8.78	11.59	12.84	12.45	10.97	13.01	17.06	12.57	18.14	19.95	22.86	25.80	23.37	28.30	24.10	Revenue per sh <sup>A</sup>	32.05
1.07	1.14	1.13	1.25	1.49	1.62	1.72	1.70	1.77	1.81	1.81	2.04	2.31	2.43	2.61	2.64	2.80	2.85	"Cash Flow" per sh	3.30
.70	.73	.68	.73	.84	.93	.98	.98	1.01	1.01	.95	1.11	1.27	1.32	1.27	1.40	1.55	1.60	Earnings per sh <sup>B</sup>	2.05
.48	.48	.51	.54	.57	.61	.64	.68	.72	.76	.80	.82	.85	.91	.95	.99	1.03	1.07	Div'ds Dec'd per sh <sup>Ca</sup>	1.19
1.41	1.58	1.95	1.72	1.64	1.52	1.48	1.58	1.65	1.29	1.21	1.16	1.85	2.50	2.74	1.85	1.95	3.40	Cap'l Spending per sh	2.25
5.13	5.45	5.68	6.16	6.53	6.95	7.45	7.86	8.28	8.63	8.91	8.98	11.16	11.53	11.83	11.99	12.60	13.16	Book Value per sh <sup>D</sup>	15.45
61.59	62.30	63.16	57.67	59.10	60.39	61.48	62.59	63.83	64.83	66.18	67.31	76.67	76.70	74.61	73.23	73.50	73.50	Common Shs Outst'g <sup>E</sup>	73.00
12.3	15.4	16.7	13.8	13.9	13.6	18.3	17.7	14.3	16.7	18.4	16.7	18.6	17.9	18.2	18.7	18.2	18.7	Avg Ann'l P/E Ratio	18.0
.75	.91	1.03	.92	.87	.78	.85	1.01	.93	.86	1.01	.95	.88	.95	1.04	.98	.98	.98	Relative P/E Ratio	1.50
5.3%	4.3%	4.8%	5.4%	4.9%	4.9%	4.0%	4.1%	5.0%	4.5%	4.8%	4.4%	4.1%	3.8%	3.9%	3.8%	3.8%	3.8%	Avg Ann'l Div'd Yield	3.1%
<b>CAPITAL STRUCTURE as of 7/31/08</b> Total Debt \$994.0 mill. Due in 5 Yrs \$160.0 mill. LT Debt \$824.5 mill. LT Interest \$65.7 mill. (LT Interest earned: 4.0%; total interest coverage: 4.0x) Pension Assets-10/07 \$225.0 mill. Oblig. \$188.7 mill.																			
<b>Div Stock None</b> Common Stock 73,278,688 shs. as of 9/2/08 MARKET CAP: \$2.3 billion (Mid Cap)																			
<b>CURRENT POSITION 2008 2007 7/31/08 (\$MILL)</b>																			
Cash Assets			8.9	7.6	4.9	<b>BUSINESS:</b> Piedmont Natural Gas Company is primarily a regulated natural gas distributor, serving over 932,097 customers in North Carolina, South Carolina, and Tennessee. 2007 revenue mix: residential (54%), commercial (30%), industrial (14%), other (2%). Principal suppliers: Transco and Tennessee Pipeline. Gas costs: 69.4% of revenues, '07 deprec. rate: 3.4%. Estimated plant age: 6.7 years. Non-regulated operations: sale of gas-powered heating equipment; natural gas brokering; propane sales. Has about 1,876 employees. Officers & directors own less than 1% of common stock (1/08 proxy). Chairman, CEO, & President: Thomas E. Skalna, Inc. NC. Addr: 4720 Piedmont Row Drive, Charlotte, NC 28210. Telephone: 704-364-3120. Internet: www.piedmonting.com.													
Other			467.1	427.6	429.9	<b>Piedmont Natural Gas likely posted a larger share loss for the October interim.</b> Its top-line volumes have been growing steadily due to its residential and commercial businesses. Moreover, marketing activities are beginning to bear fruit for its wholesale division. But weaker performance at the sideline Hardy Storage and Southstar Energy Service units ought to detract from other income, resulting in the aforementioned decline in share net. However, due to stronger profitability earlier this year, PNY's 2008 tally likely advanced almost 11%.													
Current Assets			476.0	435.3	434.8	<b>Due to the tough operating environment, the top and bottom lines may well advance only 3% in fiscal 2009 (began November 1st).</b> Winter heating costs are expected to remain flat this year. However, some uncertainty stems from the 2008-2009 winter weather. Meanwhile, operating margins should continue to benefit from higher volumes and decreased operating expenses. Thus, profitability ought to improve marginally. Furthermore, New rate cases and capital projects augur well for the company's prospects. Piedmont recently received approval for a rate increase in North Carolina. This allowed the company to raise its annual rates by \$15.7 million, effective November 1st. Meanwhile, the Robeson liquid natural gas storage project, located in NC, is moving along nicely. This facility should allow for extra capacity and profits during peak winter months.													
Accts Payable			80.3	87.2	151.8	<b>Hardy Storage and Southstar Energy Services contributions to PNY have moderated a bit.</b> This stems from higher operating expenses at Hardy Storage and from the effects of warmer weather on Southstar Energy. Meanwhile, Southstar has been impacted by rising commodity prices and reduced opportunities from the management of storage and transportation assets. Still, the Hardy Storage facility only came on line in April, 2007. There is room to expand, and operations can be tightened up, providing upside. In all, These neutrally ranked shares may offer modest conservative appeal. They have been more volatile than usual since our September review. However, presently, they are trading almost 13% higher and offer good dividend growth potential.													
Debt Due			170.0	195.0	189.5	Bryan Fong December 12, 2008													
Other			150.1	132.3	114.2														
Current Liab.			400.4	424.5	435.5														
Fix. Chg. Cov.			261%	225%	220%														
<b>ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '05-'07 to '11-'13</b>																			
Revenues			8.0%	11.0%	5.0%														
"Cash Flow"			5.5%	7.0%	4.5%														
Earnings			6.0%	6.0%	7.5%														
Dividends			5.0%	4.5%	4.0%														
Book Value			6.0%	6.5%	4.5%														
<b>FISCAL YEAR ENDS</b>																			
QUARTERLY REVENUES (\$ MILL) <sup>A</sup>			Jan.31	Apr.30	Jul.31	Oct.31	Full Fiscal Year												
2005	680.6	508.0	232.9	339.6	1761.1														
2006	821.4	483.2	237.9	282.2	1824.7														
2007	877.2	531.5	224.4	278.2	1711.3														
2008	788.5	634.2	354.7	302.6	2080														
2009	815	655	360	310	2140														
EARNINGS PER SHARE <sup>A B F</sup>			Jan.31	Apr.30	Jul.31	Oct.31	Full Fiscal Year												
2005	.93	.52	d.06	d.07	1.32														
2006	.94	.57	d.16	d.08	1.27														
2007	.94	.59	d.12	d.11	1.40														
2008	1.12	.66	d.10	d.13	1.55														
2009	1.13	.68	d.10	d.11	1.60														
QUARTERLY DIVIDENDS PAID <sup>Ca</sup>			Mar.31	Jun.30	Sep.30	Dec.31	Full Year												
2004	.208	.215	.215	.215	.85														
2005	.215	.23	.23	.23	.91														
2006	.23	.24	.24	.24	.95														
2007	.24	.25	.25	.25	.99														
2008	.25	.26	.26	.26															

(A) Fiscal year ends October 31st.  
 (B) Diluted earnings. Excl. extraordinary item.  
 (C) Dividends historically paid mid-January, April, July, October.  
 (D) Includes deferred charges. In 2007: \$23.9 million, 33¢/share.  
 (E) In millions, adjusted for stock split.  
 (F) Quarters may not add to total due to change in shares outstanding.  
 Company's Financial Strength B++  
 Stock's Price Stability 100  
 Price Growth Persistence 60  
 Earnings Predictability 85  
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SOUTH JERSEY INDS. NYSE-SJI				RECENT PRICE	PIE RATIO		RELATIVE PIE RATIO		DIVD YLD	VALUE LINE					
				37.07	15.6 (Trailing: 16.5 Median: 14.0)		1.53		3.2%						
TIMELINESS 3	Raised 9/23/08	High: 16.3	15.4	16.4	15.1	17.0	18.3	20.3	28.5	32.4	34.3	41.3	39.4		Target Price Range 2011 2012 2013
SAFETY 2	Lowered 1/4/91	Low: 10.5	11.0	10.8	12.3	13.8	14.1	15.3	18.7	24.9	26.6	31.2	26.2		
TECHNICAL 2	Raised 12/5/08	LEGENDS													
BETA .75 (1.00 = Market)		2011-13 PROJECTIONS													
Price Gain	Ann'd Total Return	High 60	10%												
Low 35	(+35%)		(-5%)												
Insider Decisions		Percent shares traded													
J F M A M J J A S	6														
to Buy 0 0 0 1 0 0 0 0 0 0 0	4														
to Sell 0 0 0 0 0 0 0 0 0 0 0	2														
to Hold 0 0 2 0 2 1 0 0 0															
Institutional Decisions		Percent shares traded													
102884 102198 102908	6														
to Buy 67 85 71	4														
to Sell 71 58 69	2														
to Hold 17182 17430 17041															
1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009															
16.67 17.03 17.46 16.50 16.52 16.18 20.89 17.60 22.43 35.30 20.69 26.34 29.51 31.78 31.76 32.30 32.00 32.25	Revenues per sh	35.95													
1.69 1.54 1.35 1.65 1.54 1.60 1.44 1.84 1.85 1.80 2.12 2.24 2.44 2.51 3.51 3.20 3.30 3.60	"Cash Flow" per sh	4.20													
.81 .78 .51 .83 .85 .86 .64 1.01 1.08 1.15 1.22 1.37 1.58 1.71 2.46 2.09 2.30 2.50	Earnings per sh	3.09													
.71 .72 .72 .72 .72 .72 .72 .72 .73 .74 .75 .78 .82 .86 .92 1.01 1.11 1.20	Div'ds Decl'd per sh	1.30													
1.69 1.87 1.93 2.08 2.01 2.30 3.06 2.19 2.21 2.62 3.47 2.98 3.21 2.61 1.88 2.60 2.26	Cap'l Spending per sh	3.75													
6.95 7.17 7.23 7.34 8.03 6.43 6.23 6.74 7.26 7.81 9.87 11.28 12.41 13.50 15.11 16.25 17.35 17.76	Book Value per sh	18.55													
19.00 19.61 21.43 21.44 21.51 21.54 21.56 22.30 23.00 23.72 24.41 26.46 27.76 28.98 29.33 29.61 30.09 31.00	Common Shs Outs't'd	32.00													
13.2 15.6 16.1 12.2 13.3 13.8 21.2 13.3 13.0 13.6 13.5 13.3 14.1 16.8 11.9 17.2	Avg Ann'l PIE Ratio	14.0													
.80 .83 1.06 .82 .83 .80 1.10 .78 .85 .70 .74 .76 .74 .88 .64 .91	Relative P/E Ratio	.95													
6.6% 6.9% 7.4% 7.2% 6.4% 6.1% 5.3% 5.4% 5.2% 4.7% 4.6% 4.3% 3.7% 3.0% 3.2% 2.8%	Avg Ann'l Div'd Yield	3.1%													
CAPITAL STRUCTURE as of 9/30/08		450.2													
Total Debt \$517.0 mill. Due in 5 Yrs \$196.8 mill.		392.5													
LT Debt \$357.8 mill. LT Interest \$17.0 mill.		13.8													
(Total Interest coverage: 5.8x)		22.0													
		24.7													
		28.8													
		29.4													
		34.6													
		43.0													
		48.6													
		72.0													
		61.8													
		70.0													
		80.0													
		1000													
		860													
		1000													
		1150													
		100													
		40.0%													
		8.7%													
		40.5%													
		59.5%													
		1050													
		1200													
		10.6%													
		16.0%													
		16.0%													
		9.5%													
		42%													
Pension Assets -12/07 \$120.4 mill.															
Obliq. \$133.0 mill.															
Pfd Stock none															
Common Stock 29,726,697 common sha. as of 11/3/08															
MARKET CAP: \$1.1 billion (Mid Cap)															
CURRENT POSITION															
Cash Assets	7.9	11.7	4.2												
Other	363.8	316.6	350.7												
Current Assets	371.7	328.3	354.9												
Accts Payable	101.6	101.2	88.1												
Debt Due	197.0	118.4	169.2												
Other	124.2	108.7	131.1												
Current Liab.	422.8	328.3	378.4												
Fix. Chp. Cov.	627%	476%	581%												
ANNUAL RATES															
of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '05-'07 to '11-'13												
Revenues	7.0%	4.0%	2.0%												
"Cash Flow"	7.0%	8.0%	5.5%												
Earnings	8.5%	12.5%	6.0%												
Dividends	2.6%	4.5%	6.5%												
Book Value	7.5%	12.5%	4.5%												
QUARTERLY REVENUES (\$mill)															
Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year										
2005	328.6	154.0	157.0	281.4	821.0										
2006	372.6	153.8	164.7	250.3	831.4										
2007	368.4	171.7	156.2	260.1	856.4										
2008	348.0	135.8	210.4	265.8	860										
2009	365	160	200	275	1000										
EARNINGS PER SHARE															
Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year										
2005	.86	.27	.09	.39	1.71										
2006	1.06	.20	.51	.69	2.48										
2007	1.30	.21	.05	.63	2.09										
2008	1.32	.26	.04	.68	2.30										
2009	1.35	.30	.15	.70	2.50										
QUARTERLY DIVIDENDS PAID															
Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year										
2004	--	.202	.202	.415	.82										
2005	--	.213	.213	.438	.86										
2006	--	.225	.225	.470	.92										
2007	--	.245	.245	.515	1.01										
2008	--	.270	.270	.568											

(A) Based on GAAP EPS through 2006, economic earnings thereafter. GAAP EPS: '07, \$2.10, Excl. nonrecur. gain (loss): '01, \$0.13; '02 '08, (\$0.70). Excl gain (losses) from dis-

cont. ops: '85, \$1.14; '97, (\$0.24); '88, (\$0.28); '89, (\$0.02); '00, (\$0.04); '01, (\$0.02); '02, (\$0.04); '03, (\$0.09); '05, (\$0.02); '06, (\$0.02); '07, \$0.01. Next eps. report due late February.

(B) Div's paid early Apr., Jul., Oct., and late Dec. = Div. reinvest. plan avail. (C) Incl. regulatory assets. At 9/30/08: \$212.7 mill., \$7.15 per shr. (D) In millions, adjusted for split.

Company's Financial Strength 8++  
 Stock's Price Stability 100  
 Price Growth Persistence 95  
 Earnings Predictability 75  
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**Shares of South Jersey Industries have held their own in recent months,** despite considerable weakness in the broader market. The company reported strong results for the third quarter. Customer growth at South Jersey Gas continued at a decent clip, considering the slowdown in the housing construction market. The utility posted a slightly greater loss in the recent period, though. Losses are common for this business in the third quarter, due to a lack of heating demand. This was more than offset by strength in other areas. Higher cooling demand and the opening of the Borgata's new Water Club tower benefited performance at the on-site energy production business, Marina Energy. The Retail Services and Asset Management & Marketing segments also posted improved results. We anticipate a healthy performance in the fourth quarter, as well. We expect a share-earnings advance of roughly 10% for full-year 2008. Bottom-line growth ought to continue in 2009. The New Jersey Board of Public Utilities has approved a rate increase for South Jersey Gas. The subsidiary had originally requested an increase in June,

citing greater natural gas costs. Its Basic Gas Supply Service rate will now increase by 9.2%, which was somewhat smaller than had been originally requested, reflecting a decline in gas prices in recent months. The company has announced a 10% dividend hike. The board of directors raised the quarterly dividend from \$0.27 to \$0.2975, starting with the December payout. The company has established an encouraging track record of dividend increases in recent years. We expect this pattern to continue. In addition, South Jersey has announced a share-repurchase program. Under this program, the company can buy back up to 5% of common stock outstanding over the next four years. This ought to keep a lid on the share count, supporting share net. This issue is neutrally ranked for year-ahead performance. Looking further out, we anticipate solid bottom-line growth at the company over the pull to 2011-2013. This good-quality stock offers subpar, but reasonably well-defined, total return potential for the coming years. *Michael Napoli, CPA December 12, 2008*

SOUTHWEST GAS NYSE-SWX				RECENT PRICE	P/E RATIO	(Trailing: 14.1 Median: 18.0)	RELATIVE P/E RATIO	DIV'D YLD	3.8%	VALUE LINE									
TIMELINESS 3	Raised 5/23/08	High: 20.3	28.9	24.79	13.6	14.1	1.33	3.8%	33.3	Target Price Range 2011 2012 2013									
SAFETY 3	Lowered 1/10/91	Low: 16.1	17.3	20.4	16.9	18.6	18.1	19.3	21.5	28.0									
TECHNICAL 2	Raised 12/12/08	<b>LEGENDS</b> --- 200 x Dividends p sh divided by Interest Rate ..... Relative Price Strength * Options: Yes Shaded area: prior recession Latest recession began 12/07																	
BETA .75	(1.00 = Market)	<b>2011-13 PROJECTIONS</b> Price Gain Return High 45 (+80%) 18% Low 30 (+20%) 8%																	
<b>Includer Decisions</b> J F M A M J J A S to Buy 0 0 0 0 0 0 0 0 2 to Sell 0 0 1 0 1 0 0 0 0 Options 0 0 2 0 3 0 0 0 2																			
<b>Institutional Decisions</b> (02/04) (02/04) (02/04) to Buy 80 85 89 to Sell 88 85 83 High/Low 34485 34160 33663 Percent shares traded 9 8 3																			
<b>% TOT. RETURN 11/08</b> 1 YR -7.8 3 YR 5.5 5 YR 33.3																			
1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	© VALUE LINE PUB., INC.	11-13
25.93	25.68	28.16	23.03	24.09	26.73	30.17	30.24	32.81	42.98	39.68	35.98	40.14	43.59	48.47	60.27	48.85	60.00	Revenues per sh <sup>A</sup>	68.35
3.34	3.24	5.09	2.65	3.00	3.85	4.48	4.45	4.57	4.78	5.07	5.11	5.57	5.20	5.97	6.21	6.00	6.45	"Cash Flow" per sh	7.00
.81	.63	1.22	.10	.25	.77	1.65	1.27	1.21	1.15	1.16	1.13	1.66	1.25	1.88	1.95	1.75	2.00	Earnings per sh <sup>A,B</sup>	2.50
.70	.74	.80	.82	.82	.82	.82	.82	.82	.82	.82	.82	.82	.82	.82	.86	.80	.94	Div'ds Decl'd per sh <sup>C</sup>	1.06
5.02	6.43	6.64	6.78	6.19	6.19	6.40	7.41	7.04	8.17	8.50	7.03	8.23	7.49	8.27	7.96	6.80	7.50	Cap'l Spending per sh	9.90
16.89	16.96	16.38	14.55	14.20	14.09	15.67	16.31	18.82	17.27	17.91	16.42	19.18	19.10	21.58	22.98	23.30	24.45	Book Value per sh	26.65
20.60	21.00	21.28	24.47	26.73	27.39	30.41	30.89	31.71	32.49	33.29	34.23	36.79	39.33	41.77	42.81	44.00	45.00	Common Shs Outstanding <sup>D</sup>	48.00
16.8	26.5	14.0	NMF	68.3	24.1	13.2	21.1	16.0	19.0	19.9	19.2	14.3	20.6	15.9	18.4	18.0	18.0	Avg Ann'l P/E Ratio	15.0
1.01	1.57	.92	NMF	4.34	1.39	.89	1.20	1.04	.97	1.09	1.09	.76	1.10	.86	.80	.80	.80	Relative P/E Ratio	1.00
5.2%	4.4%	4.7%	5.4%	4.7%	4.4%	3.8%	3.1%	4.2%	3.8%	3.6%	3.8%	3.5%	3.2%	2.6%	2.4%	2.4%	2.4%	Avg Ann'l Div'd Yield	2.8%
<b>CAPITAL STRUCTURE as of 9/30/08</b> Total Debt \$1325.6 mill. Due in 5 Yrs \$615.0 mill. LT Debt \$131.1 mill. LT Interest \$80.0 mill. (Total interest coverage: 2.3x) Leases, Uncapitalized Annual rentals \$7.0 mill. Pension Assets-12/07 \$441.7 mill. Obliq. \$548.4 mill.																			
<b>Pfd Stock None</b> Common Stock 43,914,407 shs. as of 10/31/08																			
<b>MARKET CAP: \$1.1 billion (Mid Cap)</b> <b>CURRENT POSITION (MILL.)</b> Cash Assets 18.8 Other 482.8 Current Assets 501.6 Accts Payable 285.7 Debt Due 27.5 Other 202.9 Current Liab. 488.1 Fix. Chg. Cov. 220%																			
<b>ANNUAL RATES OF CHANGE (per sh)</b> Past 10 Yrs Past 5 Yrs Est'd '05-'07 to 11-'13 Revenues 6.0% 4.5% 3.5% "Cash Flow" 4.5% 4.0% 3.0% Earnings 12.0% 6.0% 6.5% Dividends - - - 4.0% Book Value 3.0% 3.5% 4.0%																			
<b>QUARTERLY REVENUES (\$ mill.)</b> Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2005 542.9 361.1 313.3 497.0 1714.3 2006 676.0 430.9 351.8 565.1 2024.7 2007 793.7 426.8 371.5 560.3 2152.1 2008 613.6 447.3 374.4 514.7 2150 2009 800 475 415 560 2250																			
<b>EARNINGS PER SHARE <sup>A</sup></b> Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2005 .88 0.07 0.43 .87 1.25 2006 1.11 .02 0.28 1.11 1.88 2007 1.17 0.01 0.22 1.00 1.85 2008 1.14 0.06 0.38 1.05 1.75 2009 1.15 Nil 0.25 1.10 2.00																			
<b>QUARTERLY DIVIDENDS PAID <sup>C</sup></b> Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2004 .205 .205 .205 .205 .82 2005 .205 .205 .205 .205 .82 2006 .205 .205 .205 .205 .82 2007 .205 .215 .215 .215 .85 2008 .216 .225 .225 .225																			
<b>BUSINESS:</b> Southwest Gas Corporation is a regulated gas distributor serving approximately 1.8 million customers in sections of Arizona, Nevada, and California. Comprised of two business segments: natural gas operations and construction services. 2007 margin mix residential and small commercial, 86%; large commercial and industrial, 5%; transportation, 8%. Total throughput: 2.4 billion																			
<b>Southwest Gas reported an unimpressive performance for the third quarter.</b> The top line advanced slightly in the recent interim. Operating costs increased at a faster pace, though. Moreover, the company reported a negative return on long-term investments. Overall, Southwest posted a much greater share loss for the period. Customer growth has moderated in recent periods. A slowdown in the new construction market and an increasing inventory of vacant homes in the Southwest hurt performance. Third-quarter losses are common, considering the seasonal nature of the business. Still, the company is operating in a challenging environment, which ought to continue to stymie growth in the near term. We anticipate flat revenues and lower earnings per share at Southwest Gas for full-year 2008. Share earnings may rebound in 2009, assuming success at controlling costs.																			
<b>The company has two important rate case proceedings nearing conclusion.</b> It is seeking a rate increase of \$50.2 million in Arizona, and has included proposed rate design changes to address weather-related volatility. Elsewhere, Southwest is																			
seeking a \$9.1 million increase in operating revenues in California. These requests appear reasonable, although it is unclear what pressures the rate boards may face, if any. We expect decisions on these cases by yearend. The company's focus on procuring rate relief and improving rate design is important, as SWX depends upon such approved revenue increases to help it cope with higher expenses and to provide for smoother earnings.																			
<b>Investors should be aware of several caveats.</b> Warmer-than-normal temperatures during the winter months can hurt profitability at Southwest Gas. Moreover, the company will likely incur higher operating costs as it continues to expand. Furthermore, insufficient, or lagging, rate relief could also hurt profits.																			
<b>Shares of Southwest Gas, once favored for their growth, are out of sorts now.</b> Nevertheless, we anticipate higher share earnings at the company by early next decade. At the current quotation, this issue features good total return potential for a utility, considering its healthy dividend yield.																			
Michael Napoli, CPA December 12, 2008																			
<b>(A)</b> Incl. income for PrtMent Bank on the equity basis through 1994. <b>(B)</b> Based on avg. shares outstanding. <b>(C)</b> Excl. nonrec. gains (losses): '83, '84, '87, '16, '02, (10¢) '05, '06. <b>(D)</b> Value Line Publisher, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.																			
<b>(11¢) '08, 7¢. Incl. asset withdrawal: '93, 44¢. Excl. loss from disc. ops: '95, 75¢. Totals may not sum due to rounding. Next eps. report due late February. (C) Dividends historically paid</b>																			
<b>Company's Financial Strength</b> B <b>Stock's Price Stability</b> 100 <b>Price Growth Persistence</b> 55 <b>Earnings Predictability</b> 65																			
<b>To subscribe call 1-800-833-0046.</b>																			

WGL HOLDINGS NYSE-WGL			RECENT PRICE	33.52	P/E RATIO	14.1	Trailing: 8.3 Median: 15.0	RELATIVE P/E RATIO	1.38	DIV/D YLD	4.3%	VALUE LINE																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
<b>TIMELINESS</b>	3	Raised 5/28/07	High: 31.4	30.8	29.4	31.5	30.5	29.5	28.8	31.4	34.8	33.8	35.9	37.1	32.4	Target Price	2011	2012	2013																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																			
<b>SAFETY</b>	1	Raised 4/2/93	Low: 20.9	23.1	21.0	21.8	25.3	19.3	23.2	26.7	28.8	27.0	29.8	22.4																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																								
<b>TECHNICAL</b>	2	Raised 12/12/08																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																				
<b>BETA</b>	.75	(1.00 = Market)																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																				
<b>2011-13 PROJECTIONS</b>																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																						
Price	40	20%	Gain	8%	Ann'l Total	12%	Return	6%	8%																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																													
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<b>1992-2009</b> <table border="1"> <thead> <tr> <th>Year</th> <th>1992</th> <th>1993</th> <th>1994</th> <th>1995</th> <th>1996</th> <th>1997</th> <th>1998</th> <th>1999</th> <th>2000</th> <th>2001</th> <th>2002</th> <th>2003</th> <th>2004</th> <th>2005</th> <th>2006</th> <th>2007</th> <th>2008</th> <th>2009</th> <th>VALUE LINE PUB, INC</th> <th>11-13</th> </tr> </thead> <tbody> <tr> <td>Revenues per sh<sup>A</sup></td> <td>18.37</td> <td>21.55</td> <td>21.69</td> <td>19.30</td> <td>22.18</td> <td>24.16</td> <td>23.74</td> <td>20.82</td> <td>22.19</td> <td>29.80</td> <td>32.63</td> <td>42.45</td> <td>42.93</td> <td>44.94</td> <td>53.88</td> <td>53.51</td> <td>52.98</td> <td>53.35</td> <td>REVENUES PER SH<sup>A</sup></td> <td>54.60</td> </tr> <tr> <td>"Cash Flow" per sh</td> <td>2.17</td> <td>2.25</td> <td>2.43</td> <td>2.51</td> <td>2.93</td> <td>3.02</td> <td>2.78</td> <td>2.74</td> <td>3.20</td> <td>3.24</td> <td>3.23</td> <td>4.00</td> <td>3.87</td> <td>3.97</td> <td>3.93</td> <td>3.89</td> <td>4.17</td> <td>4.30</td> <td>"CASH FLOW" PER SH</td> <td>4.55</td> </tr> <tr> <td>Earnings per sh<sup>B</sup></td> <td>1.27</td> <td>1.31</td> <td>1.42</td> <td>1.45</td> <td>1.85</td> <td>1.85</td> <td>1.54</td> <td>1.47</td> <td>1.79</td> <td>1.88</td> <td>1.14</td> <td>2.30</td> <td>1.98</td> <td>2.11</td> <td>1.94</td> <td>2.10</td> <td>2.33</td> <td>2.40</td> <td>EARNINGS PER SH<sup>B</sup></td> <td>2.55</td> </tr> <tr> <td>Div'ds Decl'd per sh<sup>C</sup></td> <td>1.07</td> <td>1.09</td> <td>1.11</td> <td>1.12</td> <td>1.14</td> <td>1.17</td> <td>1.20</td> <td>1.22</td> <td>1.24</td> <td>1.26</td> <td>1.27</td> <td>1.28</td> <td>1.30</td> <td>1.32</td> <td>1.34</td> <td>1.37</td> <td>1.42</td> <td>1.44</td> <td>DIV'DS DECL'D PER SH<sup>C</sup></td> <td>1.56</td> </tr> <tr> <td>Cap'l Spending per sh</td> <td>2.17</td> <td>2.45</td> <td>2.84</td> <td>2.65</td> <td>2.85</td> <td>3.20</td> <td>3.62</td> <td>3.42</td> <td>2.87</td> <td>2.88</td> <td>3.34</td> <td>2.85</td> <td>2.33</td> <td>2.32</td> <td>3.27</td> <td>3.33</td> <td>3.33</td> <td>3.60</td> <td>CAP'L SPENDING PER SH</td> <td>2.60</td> </tr> <tr> <td>Book Value per sh<sup>D</sup></td> <td>10.66</td> <td>11.04</td> <td>11.51</td> <td>11.85</td> <td>12.79</td> <td>13.48</td> <td>13.86</td> <td>14.72</td> <td>15.31</td> <td>16.24</td> <td>15.78</td> <td>16.25</td> <td>16.95</td> <td>17.80</td> <td>18.28</td> <td>19.83</td> <td>21.06</td> <td>22.09</td> <td>BOOK VALUE PER SH<sup>D</sup></td> <td>25.00</td> </tr> <tr> <td>Common Shs Outstanding<sup>E</sup></td> <td>40.62</td> <td>41.50</td> <td>42.19</td> <td>42.93</td> <td>43.70</td> <td>43.84</td> <td>46.47</td> <td>48.47</td> <td>48.54</td> <td>48.56</td> <td>48.63</td> <td>48.67</td> <td>48.65</td> <td>48.65</td> <td>48.89</td> <td>48.45</td> <td>49.61</td> <td>49.65</td> <td>COMMON SHS OUTST<sup>E</sup></td> <td>50.00</td> </tr> <tr> <td>Avg Ann'l P/E Ratio</td> <td>13.6</td> <td>15.5</td> <td>14.0</td> <td>12.7</td> <td>11.5</td> <td>12.7</td> <td>17.2</td> <td>17.3</td> <td>14.6</td> <td>14.7</td> <td>23.1</td> <td>11.1</td> <td>14.2</td> <td>14.7</td> <td>15.5</td> <td>15.5</td> <td>14.3</td> <td></td> <td>AVG ANN'L P/E RATIO</td> <td>15.0</td> </tr> <tr> <td>Relative P/E Ratio</td> <td>.82</td> <td>.82</td> <td>.82</td> <td>.85</td> <td>.72</td> <td>.73</td> <td>.89</td> <td>.89</td> <td>.85</td> <td>.75</td> <td>1.25</td> <td>.63</td> <td>.75</td> <td>.78</td> <td>.84</td> <td>.82</td> <td>.85</td> <td></td> <td>RELATIVE P/E RATIO</td> <td>1.00</td> </tr> <tr> <td>Avg Ann'l Div'd Yield</td> <td>6.2%</td> <td>5.3%</td> <td>5.6%</td> <td>6.1%</td> <td>5.4%</td> <td>5.0%</td> <td>4.5%</td> <td>4.6%</td> <td>4.8%</td> <td>4.6%</td> <td>4.8%</td> <td>5.0%</td> <td>4.6%</td> <td>4.2%</td> <td>4.5%</td> <td>4.2%</td> <td>4.3%</td> <td></td> <td>AVG ANN'L DIV'D YIELD</td> <td>4.2%</td> </tr> <tr> <td colspan="20"><b>CAPITAL STRUCTURE as of 9/30/08</b></td> </tr> <tr> <td>Total Debt \$950.7 mil. Due in 5 Yrs \$399.5 mil.</td> <td>1040.6</td> <td>972.1</td> <td>1031.1</td> <td>1446.5</td> <td>1594.8</td> <td>2054.2</td> <td>2089.6</td> <td>2186.3</td> <td>2637.9</td> <td>2648.0</td> <td>2828.2</td> <td>2650</td> <td>REVENUES (\$MILL)<sup>A</sup></td> <td>2730</td> </tr> <tr> <td>LT Debt \$603.7 mil. LT Interest \$40.1 mil.</td> <td>68.8</td> <td>68.8</td> <td>84.6</td> <td>89.9</td> <td>85.7</td> <td>112.3</td> <td>98.0</td> <td>104.8</td> <td>65.1</td> <td>102.9</td> <td>116.3</td> <td>120</td> <td>NET PROFIT (\$MILL)</td> <td>130</td> </tr> <tr> <td>(LT Interest earned: 6.7%; total interest coverage: 5.7x)</td> <td>35.6%</td> <td>36.0%</td> <td>36.1%</td> <td>39.6%</td> <td>34.0%</td> <td>38.0%</td> <td>37.4%</td> <td>37.4%</td> <td>39.0%</td> <td>39.1%</td> <td>38.0%</td> <td>38.0%</td> <td>INCOME TAX RATE</td> <td>38.0%</td> </tr> <tr> <td>Pension Assets-9/08 \$588.2 mil. Oblig. \$590.5 mil.</td> <td>40.3%</td> <td>41.5%</td> <td>43.1%</td> <td>41.7%</td> <td>45.7%</td> <td>43.8%</td> <td>40.8%</td> <td>39.5%</td> <td>38.5%</td> <td>37.9%</td> <td>36.0%</td> <td>35.0%</td> <td>LONG-TERM DEBT RATIO</td> <td>32.0%</td> </tr> <tr> <td>Preferred Stock \$28.2 mil. Prd. Div'd \$1.3 mil.</td> <td>67.1%</td> <td>68.1%</td> <td>64.8%</td> <td>66.3%</td> <td>62.4%</td> <td>64.3%</td> <td>67.2%</td> <td>68.6%</td> <td>61.5%</td> <td>60.3%</td> <td>62.3%</td> <td>63.6%</td> <td>COMMON EQUITY RATIO</td> <td>66.6%</td> </tr> <tr> <td>Common Stock 49,871,614 shs. as of 10/31/08</td> <td>1064.8</td> <td>1218.5</td> <td>1299.2</td> <td>1400.8</td> <td>1462.5</td> <td>1454.9</td> <td>1443.6</td> <td>1478.1</td> <td>1497.8</td> <td>1625.4</td> <td>1677.2</td> <td>1720</td> <td>TOTAL CAPITAL (\$MILL)</td> <td>1880</td> </tr> <tr> <td>MARKET CAP: \$1.7 billion (Mid Cap)</td> <td>1319.5</td> <td>1402.7</td> <td>1460.3</td> <td>1519.7</td> <td>1606.8</td> <td>1874.9</td> <td>1916.6</td> <td>1889.7</td> <td>2057.9</td> <td>2150.4</td> <td>2208.3</td> <td>2325</td> <td>NET PLANT (\$MILL)</td> <td>2615</td> </tr> <tr> <td>CURRENT POSITION (MILL.)</td> <td>2006</td> <td>2007</td> <td>9/30/08</td> <td>7.5%</td> <td>1.8%</td> <td>3.7%</td> <td>3.8%</td> <td>NAF</td> <td>6.2%</td> <td>4.1%</td> <td>4.6%</td> <td>3.1%</td> <td>3.5%</td> <td>4.3%</td> <td>4.5%</td> <td>4.6%</td> <td>4.5%</td> <td>RETAINED TO COM EQ</td> <td>4.8%</td> </tr> <tr> <td>Cash Assets</td> <td>4.4</td> <td>4.9</td> <td>6.2</td> <td>78%</td> <td>82%</td> <td>69%</td> <td>67%</td> <td>112%</td> <td>56%</td> <td>65%</td> <td>62%</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>ALL DIV'DS TO NET PROF</td> <td>51%</td> </tr> <tr> <td>Other</td> <td>558.9</td> <td>568.8</td> <td>736.1</td> <td colspan="16"> <b>BUSINESS:</b> WGL Holdings, Inc. is the parent of Washington Gas Light, a natural gas distributor in Washington, D.C. and adjacent areas of VA and MD to residential and comm'l users (1,046,201 meters). Hampshire Gas, a federally regulated sub., operates an underground gas-storage facility in WV. Non-regulated subs.: Wash. Gas Energy Svcs. sells and delivers natural gas and provides energy related products in the D.C. metro area; Wash. Gas Energy Sys. designs/installs comm'l heating, ventilating, and air cond. systems. American Century Inv. own 8.2% of common stock; Of./dir. less than 1% (1/08 proxy). Chrmn. &amp; CEO: J.H. DeGraffenried, Inc.; D.C. and VA. Addr: 1100 H St, N.W., Washington, D.C. 20008. Tel: 202-624-6410. Internet: www.wglholdings.com.                 </td> </tr> <tr> <td>Current Assets</td> <td>561.3</td> <td>573.7</td> <td>742.3</td> <td colspan="16"> <b>WGL Holdings performed well in fiscal 2009 (ended September 30th).</b> New rates, higher consumption, and customer growth contributed to the annual top-line increase of almost 18%. Meanwhile, the initiation of regulatory mechanisms like the weather normalization adjustment (WMA) minimized usage volatility. And margins widened due to the successful expansion of the "asset optimization" program. The retail energy segment did not fare as well. This reflects lower margins from electric sales, partially offset by slightly higher margins for natural gas sales. Weakness here stemmed from milder weather and the loss of certain government and large commercial accounts. However, on balance, WGL's earnings per share advanced 11%. Next up,                 </td> </tr> <tr> <td>Accts Payable</td> <td>208.5</td> <td>218.9</td> <td>243.1</td> <td colspan="16"> <b>We look for December-period results to be little changed compared to last year.</b> Aggregate electric and gas customer accounts declined in the most recent quarter, due to the extended run-up in natural gas and electric prices from February through June. That caused WGL to halt its mass market customer acquisition efforts. However, as the company begins                 </td> </tr> <tr> <td>Debt Due</td> <td>238.4</td> <td>205.4</td> <td>347.0</td> <td colspan="16"> <b>fiscal 2009,</b> lower energy prices have allowed it to resume those efforts. It may take some time for these programs to pick up steam, consequently, WGL will likely experience growth in electricity sales, but natural gas volumes will probably continue to decline, as the last of the lost government accounts roll off its books. However,                 </td> </tr> <tr> <td>Other</td> <td>113.9</td> <td>134.8</td> <td>158.4</td> <td colspan="16"> <b>The company should still register a modest 3% earnings increase for fiscal 2009.</b> The utility segment should benefit from an estimated 9,500 new accounts, as well as higher contributions from its expanded asset management strategy. Meanwhile, the retail energy business may get a boost from stronger gross margins on natural gas sales. Also, rate case approvals and capital projects augur well for WGL's prospects. However, a likely decline in usage compared to last year's unusually high levels could be an offset.                 </td> </tr> <tr> <td>Current Liab.</td> <td>560.8</td> <td>557.1</td> <td>748.5</td> <td colspan="16"> <b>These neutrally ranked shares may appeal to conservative income-oriented accounts.</b> Indeed, this is evident in their good dividend yield, strong Safety rank (I), solid financial strength (A), and top mark for Price Stability (100).                 </td> </tr> <tr> <td>Fdx. Chg. Cov.</td> <td>485%</td> <td>460%</td> <td>460%</td> <td colspan="16"> <b>Bryan Fong December 12, 2008</b> </td> </tr> <tr> <td colspan="3"><b>ANNUAL RATES</b></td> <td>Past</td> <td>Past</td> <td>Est'd</td> <td colspan="15"></td> </tr> <tr> <td colspan="3"><b>of change (per sh)</b></td> <td>10 Yrs.</td> <td>5 Yrs.</td> <td>to '11-13</td> <td colspan="15"></td> </tr> <tr> <td>Revenues</td> <td>9.0%</td> <td>12.5%</td> <td>1.0%</td> <td colspan="15"></td> </tr> <tr> <td>"Cash Flow"</td> <td>3.5%</td> <td>5.0%</td> <td>2.5%</td> <td colspan="15"></td> </tr> <tr> <td>Earnings</td> <td>2.0%</td> <td>5.0%</td> <td>3.5%</td> <td colspan="15"></td> </tr> <tr> <td>Dividends</td> <td>1.5%</td> <td>1.5%</td> <td>2.5%</td> <td colspan="15"></td> </tr> <tr> <td>Book Value</td> <td>4.0%</td> <td>3.5%</td> <td>5.0%</td> <td colspan="15"></td> </tr> <tr> <td colspan="3"><b>QUARTERLY REVENUES (\$ mil.)<sup>A</sup></b></td> <td>Ful</td> <td colspan="16"></td> </tr> <tr> <td>Fiscal Year Ends</td> <td>Dec.31</td> <td>Mar.31</td> <td>Jun.30</td> <td>Sep.30</td> <td>Fiscal Year</td> <td colspan="15"></td> </tr> <tr> <td>2005</td> <td>823.4</td> <td>828.8</td> <td>349.0</td> <td>284.1</td> <td>2188.3</td> <td colspan="15"></td> </tr> <tr> <td>2006</td> <td>802.9</td> <td>1064.5</td> <td>346.9</td> <td>323.8</td> <td>2637.9</td> <td colspan="15"></td> </tr> <tr> <td>2007</td> <td>732.9</td> <td>1119.9</td> <td>467.5</td> <td>325.7</td> <td>2646.0</td> <td colspan="15"></td> </tr> <tr> <td>2008</td> <td>751.6</td> <td>1020.0</td> <td>484.7</td> <td>391.9</td> <td>2628.2</td> <td colspan="15"></td> </tr> <tr> <td>2009</td> <td>760</td> <td>1050</td> <td>480</td> <td>360</td> <td>2650</td> <td colspan="15"></td> </tr> <tr> <td colspan="3"><b>QUARTERLY EARNINGS PER SHARE<sup>B</sup></b></td> <td>Ful</td> <td colspan="16"></td> </tr> <tr> <td>Fiscal Year Ends</td> <td>Dec.31</td> <td>Mar.31</td> <td>Jun.30</td> <td>Sep.30</td> <td>Fiscal Year</td> <td colspan="15"></td> </tr> <tr> <td>2005</td> <td>.88</td> <td>1.63</td> <td>d.17</td> <td>d.23</td> <td>2.11</td> <td colspan="15"></td> </tr> <tr> <td>2006</td> <td>.93</td> <td>1.17</td> <td>d.01</td> <td>d.15</td> <td>1.84</td> <td colspan="15"></td> </tr> <tr> <td>2007</td> <td>.82</td> <td>1.27</td> <td>.22</td> <td>d.31</td> <td>2.10</td> <td colspan="15"></td> </tr> <tr> <td>2008</td> <td>.85</td> <td>1.66</td> <td>.06</td> <td>d.22</td> <td>2.33</td> <td colspan="15"></td> </tr> <tr> <td>2009</td> <td>.87</td> <td>1.50</td> <td>.13</td> <td>d.20</td> <td>2.40</td> <td colspan="15"></td> </tr> <tr> <td colspan="3"><b>QUARTERLY DIVIDENDS PAID<sup>C</sup></b></td> <td>Ful</td> <td colspan="16"></td> </tr> <tr> <td>Calendar</td> <td>Mar.31</td> <td>Jun.30</td> <td>Sep.30</td> <td>Dec.31</td> <td>Year</td> <td colspan="15"></td> </tr> <tr> <td>2004</td> <td>.32</td> <td>.325</td> <td>.325</td> <td>.325</td> <td>1.30</td> <td colspan="15"></td> </tr> <tr> <td>2005</td> <td>.325</td> <td>.333</td> <td>.333</td> <td>.333</td> <td>1.32</td> <td colspan="15"></td> </tr> <tr> <td>2006</td> <td>.333</td> <td>.338</td> <td>.338</td> <td>.338</td> <td>1.34</td> <td colspan="15"></td> </tr> <tr> <td>2007</td> <td>.34</td> <td>.34</td> <td>.34</td> <td>.34</td> <td>1.36</td> <td colspan="15"></td> </tr> <tr> <td>2008</td> <td>.34</td> <td>.36</td> <td>.36</td> <td>.36</td> <td></td> <td colspan="15"></td> </tr> <tr> <td colspan="16"> <b>(A) Fiscal years end Sept. 30th.</b>  <b>(B) Based on diluted shares.</b> Excludes non-recurring losses: '01, (13¢); '02, (34¢); '07, (4¢); discontinued operations: '06, (16¢). 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Due in 5 Yrs \$399.5 mil.	1040.6	972.1	1031.1	1446.5	1594.8	2054.2	2089.6	2186.3	2637.9	2648.0	2828.2	2650	REVENUES (\$MILL) <sup>A</sup>	2730	LT Debt \$603.7 mil. LT Interest \$40.1 mil.	68.8	68.8	84.6	89.9	85.7	112.3	98.0	104.8	65.1	102.9	116.3	120	NET PROFIT (\$MILL)	130	(LT Interest earned: 6.7%; total interest coverage: 5.7x)	35.6%	36.0%	36.1%	39.6%	34.0%	38.0%	37.4%	37.4%	39.0%	39.1%	38.0%	38.0%	INCOME TAX RATE	38.0%	Pension Assets-9/08 \$588.2 mil. Oblig. \$590.5 mil.	40.3%	41.5%	43.1%	41.7%	45.7%	43.8%	40.8%	39.5%	38.5%	37.9%	36.0%	35.0%	LONG-TERM DEBT RATIO	32.0%	Preferred Stock \$28.2 mil. Prd. Div'd \$1.3 mil.	67.1%	68.1%	64.8%	66.3%	62.4%	64.3%	67.2%	68.6%	61.5%	60.3%	62.3%	63.6%	COMMON EQUITY RATIO	66.6%	Common Stock 49,871,614 shs. as of 10/31/08	1064.8	1218.5	1299.2	1400.8	1462.5	1454.9	1443.6	1478.1	1497.8	1625.4	1677.2	1720	TOTAL CAPITAL (\$MILL)	1880	MARKET CAP: \$1.7 billion (Mid Cap)	1319.5	1402.7	1460.3	1519.7	1606.8	1874.9	1916.6	1889.7	2057.9	2150.4	2208.3	2325	NET PLANT (\$MILL)	2615	CURRENT POSITION (MILL.)	2006	2007	9/30/08	7.5%	1.8%	3.7%	3.8%	NAF	6.2%	4.1%	4.6%	3.1%	3.5%	4.3%	4.5%	4.6%	4.5%	RETAINED TO COM EQ	4.8%	Cash Assets	4.4	4.9	6.2	78%	82%	69%	67%	112%	56%	65%	62%							ALL DIV'DS TO NET PROF	51%	Other	558.9	568.8	736.1	<b>BUSINESS:</b> WGL Holdings, Inc. is the parent of Washington Gas Light, a natural gas distributor in Washington, D.C. and adjacent areas of VA and MD to residential and comm'l users (1,046,201 meters). Hampshire Gas, a federally regulated sub., operates an underground gas-storage facility in WV. Non-regulated subs.: Wash. Gas Energy Svcs. sells and delivers natural gas and provides energy related products in the D.C. metro area; Wash. Gas Energy Sys. designs/installs comm'l heating, ventilating, and air cond. systems. American Century Inv. own 8.2% of common stock; Of./dir. less than 1% (1/08 proxy). Chrmn. & CEO: J.H. DeGraffenried, Inc.; D.C. and VA. Addr: 1100 H St, N.W., Washington, D.C. 20008. Tel: 202-624-6410. Internet: www.wglholdings.com.																Current Assets	561.3	573.7	742.3	<b>WGL Holdings performed well in fiscal 2009 (ended September 30th).</b> New rates, higher consumption, and customer growth contributed to the annual top-line increase of almost 18%. Meanwhile, the initiation of regulatory mechanisms like the weather normalization adjustment (WMA) minimized usage volatility. And margins widened due to the successful expansion of the "asset optimization" program. The retail energy segment did not fare as well. This reflects lower margins from electric sales, partially offset by slightly higher margins for natural gas sales. Weakness here stemmed from milder weather and the loss of certain government and large commercial accounts. However, on balance, WGL's earnings per share advanced 11%. Next up,																Accts Payable	208.5	218.9	243.1	<b>We look for December-period results to be little changed compared to last year.</b> Aggregate electric and gas customer accounts declined in the most recent quarter, due to the extended run-up in natural gas and electric prices from February through June. That caused WGL to halt its mass market customer acquisition efforts. However, as the company begins																Debt Due	238.4	205.4	347.0	<b>fiscal 2009,</b> lower energy prices have allowed it to resume those efforts. It may take some time for these programs to pick up steam, consequently, WGL will likely experience growth in electricity sales, but natural gas volumes will probably continue to decline, as the last of the lost government accounts roll off its books. However,																Other	113.9	134.8	158.4	<b>The company should still register a modest 3% earnings increase for fiscal 2009.</b> The utility segment should benefit from an estimated 9,500 new accounts, as well as higher contributions from its expanded asset management strategy. Meanwhile, the retail energy business may get a boost from stronger gross margins on natural gas sales. Also, rate case approvals and capital projects augur well for WGL's prospects. However, a likely decline in usage compared to last year's unusually high levels could be an offset.																Current Liab.	560.8	557.1	748.5	<b>These neutrally ranked shares may appeal to conservative income-oriented accounts.</b> Indeed, this is evident in their good dividend yield, strong Safety rank (I), solid financial strength (A), and top mark for Price Stability (100).																Fdx. Chg. Cov.	485%	460%	460%	<b>Bryan Fong December 12, 2008</b>																<b>ANNUAL RATES</b>			Past	Past	Est'd																<b>of change (per sh)</b>			10 Yrs.	5 Yrs.	to '11-13																Revenues	9.0%	12.5%	1.0%																"Cash Flow"	3.5%	5.0%	2.5%																Earnings	2.0%	5.0%	3.5%																Dividends	1.5%	1.5%	2.5%																Book Value	4.0%	3.5%	5.0%																<b>QUARTERLY REVENUES (\$ mil.)<sup>A</sup></b>			Ful																	Fiscal Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Fiscal Year																2005	823.4	828.8	349.0	284.1	2188.3																2006	802.9	1064.5	346.9	323.8	2637.9																2007	732.9	1119.9	467.5	325.7	2646.0																2008	751.6	1020.0	484.7	391.9	2628.2																2009	760	1050	480	360	2650																<b>QUARTERLY EARNINGS PER SHARE<sup>B</sup></b>			Ful																	Fiscal Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Fiscal Year																2005	.88	1.63	d.17	d.23	2.11																2006	.93	1.17	d.01	d.15	1.84																2007	.82	1.27	.22	d.31	2.10																2008	.85	1.66	.06	d.22	2.33																2009	.87	1.50	.13	d.20	2.40																<b>QUARTERLY DIVIDENDS PAID<sup>C</sup></b>			Ful																	Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Year																2004	.32	.325	.325	.325	1.30																2005	.325	.333	.333	.333	1.32																2006	.333	.338	.338	.338	1.34																2007	.34	.34	.34	.34	1.36																2008	.34	.36	.36	.36																	<b>(A) Fiscal years end Sept. 30th.</b> <b>(B) Based on diluted shares.</b> Excludes non-recurring losses: '01, (13¢); '02, (34¢); '07, (4¢); discontinued operations: '06, (16¢). 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Avg Ann'l P/E Ratio	13.6	15.5	14.0	12.7	11.5	12.7	17.2	17.3	14.6	14.7	23.1	11.1	14.2	14.7	15.5	15.5	14.3		AVG ANN'L P/E RATIO	15.0																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																		
Relative P/E Ratio	.82	.82	.82	.85	.72	.73	.89	.89	.85	.75	1.25	.63	.75	.78	.84	.82	.85		RELATIVE P/E RATIO	1.00																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																		
Avg Ann'l Div'd Yield	6.2%	5.3%	5.6%	6.1%	5.4%	5.0%	4.5%	4.6%	4.8%	4.6%	4.8%	5.0%	4.6%	4.2%	4.5%	4.2%	4.3%		AVG ANN'L DIV'D YIELD	4.2%																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																		
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Total Debt \$950.7 mil. Due in 5 Yrs \$399.5 mil.	1040.6	972.1	1031.1	1446.5	1594.8	2054.2	2089.6	2186.3	2637.9	2648.0	2828.2	2650	REVENUES (\$MILL) <sup>A</sup>	2730																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																								
LT Debt \$603.7 mil. LT Interest \$40.1 mil.	68.8	68.8	84.6	89.9	85.7	112.3	98.0	104.8	65.1	102.9	116.3	120	NET PROFIT (\$MILL)	130																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																								
(LT Interest earned: 6.7%; total interest coverage: 5.7x)	35.6%	36.0%	36.1%	39.6%	34.0%	38.0%	37.4%	37.4%	39.0%	39.1%	38.0%	38.0%	INCOME TAX RATE	38.0%																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																								
Pension Assets-9/08 \$588.2 mil. Oblig. \$590.5 mil.	40.3%	41.5%	43.1%	41.7%	45.7%	43.8%	40.8%	39.5%	38.5%	37.9%	36.0%	35.0%	LONG-TERM DEBT RATIO	32.0%																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																								
Preferred Stock \$28.2 mil. Prd. Div'd \$1.3 mil.	67.1%	68.1%	64.8%	66.3%	62.4%	64.3%	67.2%	68.6%	61.5%	60.3%	62.3%	63.6%	COMMON EQUITY RATIO	66.6%																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																								
Common Stock 49,871,614 shs. as of 10/31/08	1064.8	1218.5	1299.2	1400.8	1462.5	1454.9	1443.6	1478.1	1497.8	1625.4	1677.2	1720	TOTAL CAPITAL (\$MILL)	1880																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																								
MARKET CAP: \$1.7 billion (Mid Cap)	1319.5	1402.7	1460.3	1519.7	1606.8	1874.9	1916.6	1889.7	2057.9	2150.4	2208.3	2325	NET PLANT (\$MILL)	2615																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																								
CURRENT POSITION (MILL.)	2006	2007	9/30/08	7.5%	1.8%	3.7%	3.8%	NAF	6.2%	4.1%	4.6%	3.1%	3.5%	4.3%	4.5%	4.6%	4.5%	RETAINED TO COM EQ	4.8%																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																			
Cash Assets	4.4	4.9	6.2	78%	82%	69%	67%	112%	56%	65%	62%							ALL DIV'DS TO NET PROF	51%																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																			
Other	558.9	568.8	736.1	<b>BUSINESS:</b> WGL Holdings, Inc. is the parent of Washington Gas Light, a natural gas distributor in Washington, D.C. and adjacent areas of VA and MD to residential and comm'l users (1,046,201 meters). Hampshire Gas, a federally regulated sub., operates an underground gas-storage facility in WV. Non-regulated subs.: Wash. Gas Energy Svcs. sells and delivers natural gas and provides energy related products in the D.C. metro area; Wash. Gas Energy Sys. designs/installs comm'l heating, ventilating, and air cond. systems. American Century Inv. own 8.2% of common stock; Of./dir. less than 1% (1/08 proxy). Chrmn. & CEO: J.H. DeGraffenried, Inc.; D.C. and VA. Addr: 1100 H St, N.W., Washington, D.C. 20008. Tel: 202-624-6410. Internet: www.wglholdings.com.																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																		
Current Assets	561.3	573.7	742.3	<b>WGL Holdings performed well in fiscal 2009 (ended September 30th).</b> New rates, higher consumption, and customer growth contributed to the annual top-line increase of almost 18%. Meanwhile, the initiation of regulatory mechanisms like the weather normalization adjustment (WMA) minimized usage volatility. And margins widened due to the successful expansion of the "asset optimization" program. The retail energy segment did not fare as well. This reflects lower margins from electric sales, partially offset by slightly higher margins for natural gas sales. Weakness here stemmed from milder weather and the loss of certain government and large commercial accounts. However, on balance, WGL's earnings per share advanced 11%. Next up,																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																		
Accts Payable	208.5	218.9	243.1	<b>We look for December-period results to be little changed compared to last year.</b> Aggregate electric and gas customer accounts declined in the most recent quarter, due to the extended run-up in natural gas and electric prices from February through June. That caused WGL to halt its mass market customer acquisition efforts. However, as the company begins																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																		
Debt Due	238.4	205.4	347.0	<b>fiscal 2009,</b> lower energy prices have allowed it to resume those efforts. It may take some time for these programs to pick up steam, consequently, WGL will likely experience growth in electricity sales, but natural gas volumes will probably continue to decline, as the last of the lost government accounts roll off its books. However,																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																		
Other	113.9	134.8	158.4	<b>The company should still register a modest 3% earnings increase for fiscal 2009.</b> The utility segment should benefit from an estimated 9,500 new accounts, as well as higher contributions from its expanded asset management strategy. Meanwhile, the retail energy business may get a boost from stronger gross margins on natural gas sales. Also, rate case approvals and capital projects augur well for WGL's prospects. However, a likely decline in usage compared to last year's unusually high levels could be an offset.																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																		
Current Liab.	560.8	557.1	748.5	<b>These neutrally ranked shares may appeal to conservative income-oriented accounts.</b> Indeed, this is evident in their good dividend yield, strong Safety rank (I), solid financial strength (A), and top mark for Price Stability (100).																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																		
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<b>(A) Fiscal years end Sept. 30th.</b> <b>(B) Based on diluted shares.</b> Excludes non-recurring losses: '01, (13¢); '02, (34¢); '07, (4¢); discontinued operations: '06, (16¢). Cily eqs. <b>(C) Dividends historically paid early February, May, August, and November.</b> = Dividend reinvestment plan available. <b>(D) Includes deferred charges and intangibles.</b> <b>(E) In millions, adjusted for stock split.</b>																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																						
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Water Service Corporation of Kentucky  
Indicated Common Equity Cost Rate  
Through Use of a Risk Premium Model  
Using an Adjusted Total Market Approach

<u>Line No.</u>		<u>Proxy Group of Seven AUS Utility Reports Water Companies</u>	<u>Proxy Group of Ten AUS Utility Reports Gas Distribution Companies</u>
1.	Prospective Yield on Aaa Rated Corporate Bonds (1)	5.23 %	5.23 %
2.	Adjustment to Reflect Yield Spread Between Aaa Rated Corporate Bonds and A Rated Public Utility Bonds	<u>1.20 (2)</u>	<u>1.20 (2)</u>
3.	Adjusted Prospective Yield on A Rated Public Utility Bonds	6.43 %	6.43 %
4.	Adjustment to Reflect Bond Rating Difference of Proxy Group	<u>0.00 (3)</u>	<u>0.34 (4)</u>
5.	Adjusted Prospective Bond Yield	6.43	6.77
6.	Equity Risk Premium (5)	<u>5.43</u>	<u>4.50</u>
7.	Risk Premium Derived Common Equity Cost Rate	<u>11.86 %</u>	<u>11.27 %</u>

- Notes:
- (1) Derived in Note (3) on page 6 of this Schedule.
  - (2) The average yield spread of A rated public utility bonds over Aaa rated corporate bonds of 1.20% from page 4 of this Schedule.
  - (3) No adjustment necessary as the average Moody's bond rating of the proxy group is A2 as shown on page 2 of this Schedule.
  - (4) Adjustment to reflect the A3 Moody's Bond Rating of the Proxy Group of Ten AUS Utility Reports Natural Gas Distribution Companies as shown on page 2 of this Schedule. The 34 basis point adjustment is derived by taking 1/3 of the spread between Baa and A2 Public Utility Bonds (1/3 \* 1.02% = 0.34%)
  - (5) From page 5 of this Schedule.

**Water Service Corporation of Kentucky**  
**Comparison of Bond Ratings, Business Risk and Financial Risk Profiles for**  
**The Proxy Group of Seven AUS Utility Reports Water Companies and the Proxy Group of Ten Gas Distribution Companies**

		Moody's		Standard & Poor's							
		Bond Rating		Bond Rating							
		January 2009		January 2009							
		Bond Rating	Numerical Weighting (1)	Bond Rating	Numerical Weighting (1)	Credit Rating	Numerical Weighting (1)	Business Risk Profile (2)	Numerical Weighting (1)	Financial Risk Profile (2)	Numerical Weighting (1)
<b>Proxy Group of Seven AUS Utility Reports Water Companies</b>											
AWR	American States Water Company (3)	A2	6	A	6	A	6	Excellent	1	Intermediate	3
WTR	Acwa America, Inc.(4)	NR	--	AA-	4	A+	5	Excellent	1	Intermediate	3
CWT	California Water Services Group (5)	NR	--	NR	--	A+	5	Excellent	1	Intermediate	3
MSEX	Middlesex Water Co	NR	--	A	6	A-	7	Excellent	1.0	Intermediate	3
SJW	SJW Corporation (6)	NR	--	NR	--	NR	--	NR	--	NR	--
SWWC	Southwest Water Company (7)	NR	--	NR	--	NR	--	NR	--	NR	--
YORW	York Water Company (The)	NR	--	A-	7.0	A-	7	Excellent	1	Intermediate	3
	<b>AVERAGE</b>	<b>A2</b>	<b>6.0</b>	<b>A</b>	<b>5.6</b>	<b>A</b>	<b>6.0</b>	<b>Excellent</b>	<b>1.0</b>	<b>Intermediate</b>	<b>3.0</b>
<b>Proxy Group of Ten AUS Utility Reports Gas Distribution Companies</b>											
ATG	AGL Resources Inc. (6)	A3	7.0	A-	7.0	A-	7	Excellent	1	Intermediate	3
DCAS	Delta Natural Gas Company, Inc.	NR	--	NR	--	NR	--	NR	--	NR	--
LG	Nicor Inc. (8)	A3	7	A	6	AA	3	Excellent	1	Intermediate	3
NJR	Laclede Group, Inc. (The) (10)	NR	--	A+	5	A	6	Excellent	1	Intermediate	3
GAS	New Jersey Resources Corp. (11)	A1	5	AA	3	A	6	Excellent	1	Intermediate	3
NWN	Northwest Natural Gas Company	A2	6	AA-	4	AA-	4	Excellent	1	Intermediate	3
PNY	Piedmont Natural Gas Company	A3	7.0	A	6.0	A	6	Excellent	1	Intermediate	3
SJ	South Jersey Industries (12)	Baa1	8	A	6	BBB+	6	Excellent	1	Aggressive	4
SWX	Southwest Gas Corp.	Baa3	10	BBB-	10	BBB-	10	Strong	2	Aggressive	4
WGL	WGL Holdings, Inc. (13)	A2	6	AA-	4	AA-	4	Excellent	1	Intermediate	3
	<b>AVERAGE</b>	<b>A3</b>	<b>7.0</b>	<b>A</b>	<b>5.7</b>	<b>A</b>	<b>6.3</b>	<b>Excellent</b>	<b>1.1</b>	<b>Intermediate</b>	<b>3.3</b>

- Notes: (1) From page 3 of this Schedule.  
(2) From Standard & Poor's Issuer Ranking: U.S. Investor-Owned Water Utilities, Strongest to Weakest, December 31, 2008 and U.S. Natural Gas Distribution and Integrated Gas Companies, Strongest to Weakest December 31, 2008.  
(3) Ratings, business risk and financial risk profiles are those of Golden State Water Company  
(4) Ratings, business risk and financial risk profiles are those of Acwa Pennsylvania, Inc.  
(5) Ratings, business risk and financial risk profiles are those of California Water Service Company.  
(6) Ratings, business risk and financial risk profiles are those of San Jose Water Company.  
(7) Ratings, business risk and financial risk profiles are a composite of those of Homsby Bend Utility Co., New Mexico Utilities, Inc., Suburban Water Systems, and Windermers Utility Co.  
(8) Ratings, business risk and financial risk profiles are those of Atlanta Gas Light Company.  
(9) Ratings, business risk and financial risk profiles are those of Nicor Gas Company.  
(10) Ratings, business risk and financial risk profiles are those of Laclede Gas Company.  
(11) Ratings, business risk and financial risk profiles are those of New Jersey Natural Gas Company.  
(12) Ratings, business risk and financial risk profiles are those of South Jersey Gas.  
(13) Ratings, business risk and financial risk profiles are those of Washington Gas Light Company.

Source Informatic Moody's Investors Service  
Standard & Poor's Global Utilities Rating Service

Water Service Corporation of Kentucky  
 Numerical Assignment for  
 Moody's and Standard & Poor's Bond Ratings  
Standard & Poor's Business and Financial Risk Profiles

<u>Moody's Bond Rating</u>	<u>Numerical Bond Weighting</u>	<u>Standard &amp; Poor's Bond Rating</u>
Aaa	1	AAA
Aa1	2	AA+
Aa2	3	AA
Aa3	4	AA-
A1	5	A+
A2	6	A
A3	7	A-
Baa1	8	BBB+
Baa2	9	BBB
Baa3	10	BBB-
Ba1	11	BB+
Ba2	12	BB
Ba3	13	BB-

Standard & Poor's

<u>Business Risk Profile</u>	<u>Numerical Weighting</u>	<u>Financial Risk Profile</u>	<u>Numerical Weighting</u>
Excellent	1	Minimal	1
Strong	2	Modest	2
Satisfactory	3	Intermediate	3
Weak	4	Aggressive	4
Vulnerable	5	Highly Leveraged	5

Moody's  
 Comparison of Interest Rate Trends  
 for the Three Months Ending November 2008 (1)

Years	Corporate Bonds				Spread - Corporate v. Public Utility Bonds			Spread - Public Utility Bonds	
	Aaa Rated	Aa Rated	A Rated	Baa Rated	Aa (Pub. Util.) over Aaa (Corp.)	A (Pub. Util.) over Aaa (Corp.)	Baa (Pub. Util.) over Aaa (Corp.)	A over Aa	Baa over A
September-08	5.65	6.13	6.49	7.15 %					
October-08	6.28	6.95	7.56	8.58					
November-08	6.12	6.83	7.60	8.98					
Average of Last 3 Months	<u>6.02 %</u>	<u>6.64 %</u>	<u>7.22 %</u>	<u>8.24 %</u>	<u>0.62 %</u>	<u>1.20 %</u>	<u>2.22 %</u>	<u>0.58 %</u>	<u>1.02 %</u>

Notes: (1) All yields are distributed yields.

Source of Information: Mergent Bond Record, December 2008, Vol. 75, No. 12

Water Service Corporation of Kentucky  
 Judgment of Equity Risk Premium for  
 the Proxy Group of Seven AUS Utility Reports Water Companies  
 and the Proxy Group of Ten AUS Utility Reports Natural Gas Distribution Companies

Line No.		Proxy Group of Seven AUS Utility Reports Water Companies	Proxy Group of Ten AUS Utility Reports Gas Distribution Companies
1.	Calculated equity risk premium based on the total market using the beta approach (1)	6.20	4.34
2.	Mean equity risk premium based on a study using the holding period returns of public utilities with A rated bonds (2)	<u>4.65</u>	<u>4.65</u>
3.	Average equity risk premium	<u><u>5.43</u></u> %	<u><u>4.50</u></u> %

Notes: (1) From page 6 of this Schedule.  
 (2) From page 8 of this Schedule.



**Water Service Corporation of Kentucky**  
**Derivation of Equity Risk Premium Based on the Total Market Approach**  
**Using the Beta for**  
**the Proxy Group of Seven AUS Utility Reports Water Companies**  
**and the Proxy Group of Ten AUS Utility Reports Natural Gas Distribution Companies**

Line No.		Proxy Group of Seven AUS Utility Reports Water Companies	Proxy Group of Ten AUS Utility Reports Gas Distribution Companies
1.	Arithmetic mean total return rate on the Standard & Poor's 500 Composite Index - 1928-2007 (1)	12.30 %	12.30 %
2.	Arithmetic mean yield on Aaa and Aa Corporate Bonds 1928-2007 (2)	<u>(6.10)</u>	<u>(6.10)</u>
3.	Historical Equity Risk Premium	<u>6.20 %</u>	<u>6.20 %</u>
4.	Forecasted 3-5 year Total Annual Market Return (3)	28.92 %	28.92 %
5.	Prospective Yield on Aaa Rated Corporate Bonds (4)	<u>(5.23)</u>	<u>(5.23)</u>
6.	Forecasted Equity Risk Premium	<u>23.69 %</u>	<u>23.69 %</u>
7.	Conclusion of Equity Risk Premium (5)	6.20 %	6.20 %
8.	Adjusted Value Line Beta (6)	<u>1.00</u>	<u>0.70</u>
9.	Beta Adjusted Equity Risk Premium	<u>6.20 %</u>	<u>4.34 %</u>

- Notes: (1) From Ibbotson S&P - 2008 Valuation Yearbook - Market Results for Stocks Bonds Bills and Inflation for 1928-2007, Morningstar, Inc., 2008 Chicago, IL.
- (2) From Moody's Industrial Manual and Mergent Bond Record Monthly Update.
- (3) From page 3 of Schedule PMA-10.
- (4) Average forecast based upon six quarterly estimates of Aaa rated corporate bonds per the consensus of nearly 50 economists reported in Blue Chip Financial Forecasts dated January 1, 2009 (see page 7 of this Schedule). The estimates are detailed below.

First Quarter 2009	5.10 %
Second Quarter 2009	5.10
Third Quarter 2009	5.10
Fourth Quarter 2009	5.20
First Quarter 2010	5.40
Second Quarter 2010	<u>5.50</u>
Average	<u>5.23 %</u>

- (5) The average of the Historical Equity Risk Premium of 6.20% from Line No. 3 and the Forecasted Equity Risk Premium of 23.69% from Line No. 6  $((6.20\% + 23.69\%) / 2 = 14.95\%$ . Normally, Ms. Ahem would use the average Historical Equity Risk Premium in her Risk Premium Analysis. However, in Ms. Ahem's opinion, the current and recent substantial volatility in the stock market is extraordinary and not representative of the expected long-term. Consequently, in this instance, Ms. Ahem will not consider what she believes is an extraordinary expected capital appreciation and instead will rely only upon the 6.20% historical market premium.
- (6) From page 9 of this Schedule.

**2 ■ BLUE CHIP FINANCIAL FORECASTS ■ JANUARY 1, 2009**

**Consensus Forecasts Of U.S. Interest Rates And Key Assumptions<sup>1</sup>**

Interest Rates	History								Consensus Forecasts-Quarterly Avg.						
	Average For Week End				Average For Month				Latest Q*	1Q 2009	2Q 2009	3Q 2009	4Q 2009	1Q 2010	2Q 2010
	Dec. 19	Dec. 12	Dec. 5	Nov. 28	Nov.	Oct.	Sep.	4Q 2008							
Federal Funds Rate	0.15	0.13	0.49	0.56	0.39	0.97	1.81	1.01	0.2	0.1	0.2	0.4	0.7	1.1	
Prime Rate	3.70	4.00	4.00	4.00	4.00	4.56	5.00	4.49	3.2	3.2	3.3	3.4	3.7	4.1	
LIBOR, 3-mo.	1.78	2.08	2.20	2.19	2.28	4.06	3.12	3.04	1.7	1.5	1.4	1.4	1.7	2.0	
Commercial Paper, 1-mo.	0.16	0.31	0.45	0.47	0.61	1.55	2.10	1.32	0.6	0.6	0.6	0.8	1.1	1.5	
Treasury bill, 3-mo.	0.03	0.02	0.04	0.07	0.19	0.69	1.15	0.62	0.1	0.2	0.2	0.4	0.8	1.1	
Treasury bill, 6-mo.	0.23	0.23	0.34	0.50	0.74	1.23	1.64	1.05	0.3	0.4	0.5	0.7	1.0	1.4	
Treasury bill, 1 yr.	0.48	0.50	0.69	0.93	1.07	1.42	1.91	1.30	0.6	0.6	0.7	1.0	1.3	1.6	
Treasury note, 2 yr.	0.74	0.85	0.88	1.14	1.21	1.61	2.08	1.50	0.8	0.9	1.1	1.3	1.7	2.0	
Treasury note, 5 yr.	1.46	1.62	1.63	2.06	2.29	2.73	2.88	2.39	1.5	1.7	1.8	2.1	2.5	2.8	
Treasury note, 10 yr.	2.47	2.67	2.66	3.10	3.53	3.81	3.69	3.37	2.4	2.5	2.7	3.0	3.3	3.5	
Treasury note, 30 yr.	2.93	3.09	3.15	3.60	4.00	4.17	4.27	3.83	2.9	3.0	3.2	3.4	3.8	4.0	
Corporate Aaa bond	5.22	5.35	5.31	5.76	6.15	6.28	5.65	5.74	5.1	5.1	5.1	5.2	5.4	5.5	
Corporate Baa bond	8.54	8.72	8.78	9.12	9.22	8.88	7.31	8.29	8.1	7.9	7.7	7.6	7.5	7.6	
State & Local bonds	5.66	5.85	5.58	5.39	5.23	5.50	4.86	5.35	5.0	4.9	4.8	4.8	4.9	5.0	
Home mortgage rate	5.33	5.47	5.53	5.97	6.09	6.20	6.04	5.89	5.0	5.0	5.0	5.2	5.4	5.6	

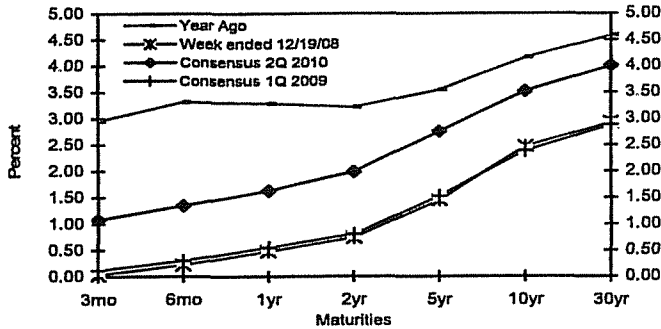
  

Key Assumptions	History								Consensus Forecasts-Quarterly Avg.						
	1Q 2007				2Q 2007				4Q* 2008	1Q 2009	2Q 2009	3Q 2009	4Q 2009	1Q 2010	2Q 2010
	2007	2007	2007	2007	2007	2007	2007	2007							
Major Currency Index	81.9	79.3	77.0	73.3	72.0	70.9	73.5	81.6	78.9	79.3	79.5	79.6	80.7	81.0	
Real GDP	0.1	4.8	4.8	-0.2	0.9	2.8	-0.5	-5.4	-3.4	-1.0	0.8	1.9	2.5	2.7	
GDP Price Index	4.1	2.0	1.5	2.8	2.6	1.1	4.2	0.5	1.4	1.3	1.5	1.5	1.8	1.7	
Consumer Price Index	3.8	4.6	2.7	5.1	4.2	5.0	6.9	-8.4	-1.3	1.2	2.0	1.9	2.2	2.0	

Individual panel members' forecasts are on pages 4 through 9. Historical data for interest rates except LIBOR is from Federal Reserve Release (FRSR) H.15. LIBOR quotes available from *The Wall Street Journal*. Definitions reported here are same as those in FRSR H.15. Treasury yields are reported on a constant maturity basis. Historical data for the U.S. Federal Reserve Board's Major Currency Index is from FRSR H.10 and G.5. Historical data for Real GDP and GDP Chained Price Index are from the Bureau of Economic Analysis (BEA). Consumer Price Index (CPI) history is from the Department of Labor's Bureau of Labor Statistics (BLS). *Interest rate data for 4Q 2008 based on historical data through the week ended December 19<sup>th</sup>. Data for 4Q 2008 Major Currency Index also is based on data through week ended December 19<sup>th</sup>. Figures for 4Q 2008 Real GDP, GDP Chained Price Index and Consumer Price Index are consensus forecasts based on a special question asked of the panelists this month (see page 14).*

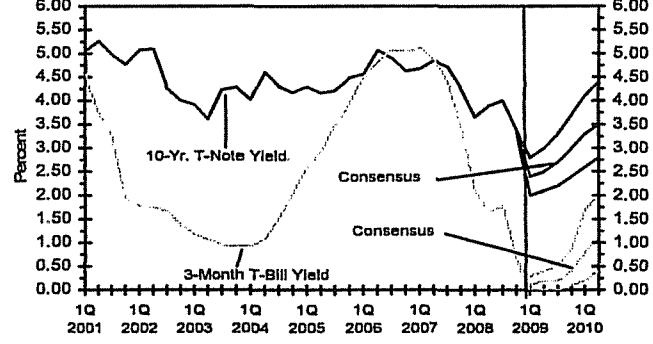
**U.S. Treasury Yield Curve**

Week ended December 19, 2008 and Year Ago vs. 1Q 2009 and 2Q 2010 Consensus Forecasts



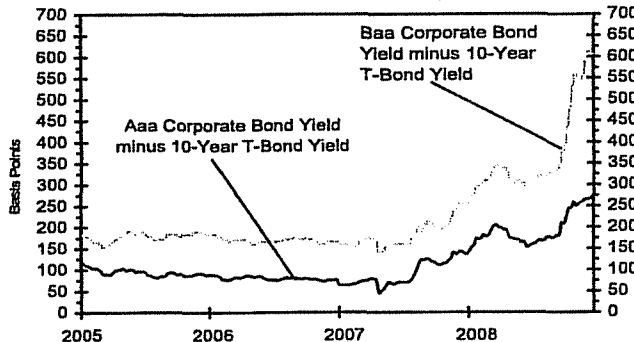
**U.S. 3-Mo. T-Bills & 10-Yr. T-Note Yield**

(Quarterly Average) History Forecast



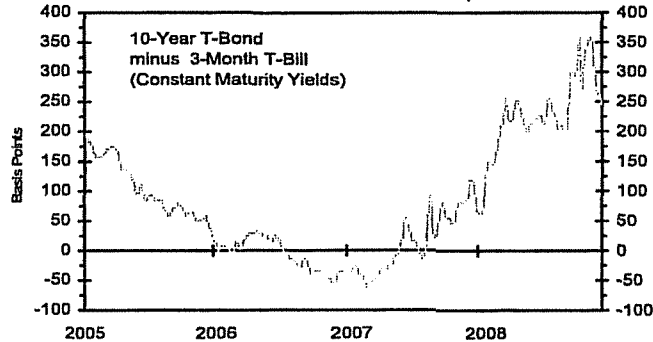
**Corporate Bond Spreads**

As of week ended December 19, 2008



**U.S. Treasury Yield Curve**

As of week ended December 19, 2008



Water Service Corporation of Kentucky  
 Derivation of Mean Equity Risk Premium Based on a Study  
Using Holding Period Returns of Public Utilities

Line No.	Over A Rated Public Utility Bonds AUS Consultants - Utility Services Study (1)
Time Period	1928-2007
1.	Arithmetic Mean Holding Period Returns (2): Standard & Poor's Public Utility Index <span style="float: right;">11.24 %</span>
2.	Arithmetic Mean Yield on: Moody's A Rated Public Utility Bonds <span style="float: right;"><u>(6.59)</u></span>
3.	Equity Risk Premium <span style="float: right;"><u><u>4.65 %</u></u></span>

- Notes: (1) S&P Public Utility Index and Moody's Public Utility Bond Average Annual Yields 1928-2007, (AUS Consultants - Utility Services, 2008).
- (2) Holding period returns are calculated based upon income received (dividends and interest) plus the relative change in the market value of a security over a one-year holding period.

Water Service Corporation of Kentucky  
 Value Line Adjusted Betas for  
 the Proxy Group of Seven AUS Utility Reports Water Companies  
 and the Proxy Group of Ten AUS Utility Reports Natural Gas Distribution Companies

	<u>Value Line Adjusted Beta</u>
<b>Proxy Group of Seven AUS Utility Reports Water Companies</b>	
American States Water Co.	0.95
Aqua America, Inc.	1.00
California Water Service Group	1.10
Middlesex Water Company	0.90
SJW Corp.	1.15
Southwest Water Company	1.00
York Water Company	<u>0.50</u>
Average	<u>0.94</u>
Median	<u>1.00</u>
<b>Proxy Group of Ten AUS Utility Reports Gas Distribution Companies</b>	
AGL Resources, Inc.	0.75
Delta Natural Gas Company	0.60
Laclede Group, Inc.	0.65
New Jersey Resources Corp.	0.70
NICOR Inc.	0.70
Northwest Natural Gas Company	0.60
Piedmont Natural Gas Co., Inc.	0.70
South Jersey Industries, Inc.	0.75
Southwest Gas Corporation	0.75
WGL Holdings, Inc.	<u>0.75</u>
Average	<u>0.70</u>
Median	<u>0.70</u>

Source of Information: Value Line Investment Survey, December 12 and October 24, 2008  
 Standard Edition and Small and Mid-Cap Edition

Water Service Corporation of Kentucky  
 Indicated Common Equity Cost Rate Through Use  
 of the Capital Asset Pricing Model  
 for the Proxy Group of Seven AUS Utility Reports Water Companies  
 and the Proxy Group of Ten AUS Utility Reports Natural Gas Distribution Companies

Line No.		<u>Proxy Group of Seven AUS Utility Reports Water Companies</u>	<u>Proxy Group of Ten AUS Utility Reports Gas Distribution Companies</u>
1.	Traditional Capital Asset Pricing Model (1)	11.39 %	9.26 %
2.	Empirical Capital Asset Pricing Model (1)	<u>11.39 %</u>	<u>9.79 %</u>
3.	Conclusion	<u>11.39 %</u>	<u>9.53 %</u>

Notes: (1) From page 2 of this Schedule.

Water Service Corporation of Kentucky  
Indicated Common Equity Cost Rate Through Use  
of the Capital Asset Pricing Model

	1	2	3
	Value Line Adjusted Beta	Company-Specific Risk Premium Based on Market Premium of 7.10% (1)	CAPM Result Including Risk-Free Rate of 4.29% (2)
<u>Traditional Capital Asset Pricing Model (3)</u>			
<u>Proxy Group of Seven AUS Utility Reports Water Companies</u>			
American States Water Co.	0.95	6.75 %	11.04 %
Aqua America, Inc.	1.00	7.10	11.39
California Water Service Group	1.10	7.81	12.10
Middlesex Water Company	0.90	6.39	10.68
SJW Corp.	1.15	8.17	12.46
Southwest Water Company	1.00	7.10	11.39
York Water Company	0.50	3.55	7.84
Average	<u>0.94</u>	<u>6.70 %</u>	<u>10.99 %</u>
Median	<u>1.00</u>	<u>7.10 %</u>	<u>11.39 %</u>
<u>Proxy Group of Ten AUS Utility Reports Gas Distribution Companies</u>			
AGL Resources, Inc.	0.75	5.33 %	9.62 %
Delta Natural Gas Company	0.60	4.28	8.55
Laclede Group, Inc.	0.65	4.62	8.91
New Jersey Resources Corp.	0.70	4.97	9.26
NICOR Inc.	0.70	4.97	9.26
Northwest Natural Gas Company	0.80	4.28	8.55
Piedmont Natural Gas Co., Inc.	0.70	4.97	9.26
South Jersey Industries, Inc.	0.75	5.33	9.62
Southwest Gas Corporation	0.75	5.33	9.62
WGL Holdings, Inc.	0.75	5.33	9.62
Average	<u>0.70</u>	<u>4.94 %</u>	<u>9.23 %</u>
Median	<u>0.70</u>	<u>4.97 %</u>	<u>9.26 %</u>
<u>Empirical Capital Asset Pricing Model (4)</u>			
<u>Proxy Group of Seven AUS Utility Reports Water Companies</u>			
American States Water Co.	0.95	6.83 %	11.12 %
Aqua America, Inc.	1.00	7.10	11.39
California Water Service Group	1.10	7.63	11.92
Middlesex Water Company	0.90	6.57	10.86
SJW Corp.	1.15	7.90	12.19
Southwest Water Company	1.00	7.10	11.39
York Water Company	0.50	4.44	8.73
Average	<u>0.94</u>	<u>6.80 %</u>	<u>11.09 %</u>
Median	<u>1.00</u>	<u>7.10 %</u>	<u>11.39 %</u>
<u>Proxy Group of Ten AUS Utility Reports Gas Distribution Companies</u>			
AGL Resources, Inc.	0.75	5.77 %	10.08 %
Delta Natural Gas Company	0.80	4.97	9.28
Laclede Group, Inc.	0.65	5.24	9.53
New Jersey Resources Corp.	0.70	5.50	9.79
NICOR Inc.	0.70	5.50	9.79
Northwest Natural Gas Company	0.80	4.97	9.28
Piedmont Natural Gas Co., Inc.	0.70	5.50	9.79
South Jersey Industries, Inc.	0.75	5.77	10.08
Southwest Gas Corporation	0.75	5.77	10.08
WGL Holdings, Inc.	0.75	5.77	10.08
Average	<u>0.70</u>	<u>5.48 %</u>	<u>9.77 %</u>
Median	<u>0.70</u>	<u>5.50 %</u>	<u>9.79 %</u>

See page 3 for notes.

Water Service Corporation of Kentucky  
 Development of the Market-Required Rate of Return on Common Equity Using  
 the Capital Asset Pricing Model for  
 the Proxy Group of Seven AUS Utility Reports Water Companies  
 and the Proxy Group of Ten AUS Utility Reports Natural Gas Distribution Companies  
Adjusted to Reflect a Forecasted Risk-Free Rate and Market Return

Notes:

- (1) For reasons explained in Ms. Ahern's accompanying direct testimony, from the three previous month-end (October 2008 – December 2008), as well as a recently available (January 9, 2009), Value Line Summary & Index, a forecasted 3-5 year total annual market return of 25.54% can be derived by averaging the 3-month and spot forecasted total 3-5 year total appreciation, converting it into an annual market appreciation and adding the Value Line average forecasted annual dividend yield.

The 3-5 year average total market appreciation of 149% produces a four-year average annual return of 25.62%  $((2.49^{25}) - 1)$ . When the average annual forecasted dividend yield of 3.30% is added, a total average market return of 28.92%  $(3.30\% + 25.62\%)$  is derived.

The 3-month and spot forecasted total market return of 28.92% minus the risk-free rate of 3.38% (developed in Note 2) is 25.54%  $(28.92\% - 3.38\%)$ . The Morningstar, Inc. (Ibbotson Associates) calculated market premium of 7.10% for the period 1926-2007 results from a total market return of 12.30% less the average income return on long-term U.S. Government Securities of 5.20%  $(12.30\% - 5.20\% = 7.10\%)$ . This is then averaged with the 25.54% Value Line market premium resulting in a 16.32% market premium. In Ms. Ahern's opinion, the current and recent substantial volatility in the stock market is extraordinary and not representative of the expected long-term. Consequently, in this instance, Ms. Ahern will not consider what she believes is an extraordinary expected capital appreciation and instead will rely only upon the 7.10% historical market premium which will be then multiplied by the beta in column 1 of page 2 of this Exhibit.

- (2) For reasons explained in Ms. Ahern's direct testimony, the risk-free rate that Ms. Ahern relies upon for her CAPM analysis is the average of the historical income return of 30 Year Treasury Bonds which is 5.20% for 1926-2007 and the average forecast based upon six quarterly estimates of 30-year Treasury Note yields per the consensus of nearly 50 economists reported in the Blue Chip Financial Forecasts dated January 1, 2009 (see page 7 of Schedule PMA-9 of this Exhibit). The estimates are detailed below:

Morningstar Historical Income Returns on 30 Year Treasury Bonds(1926-2007):	<u>5.20%</u>
	<u>30-Year Treasury Note Yield</u>
First Quarter 2009	2.90%
Second Quarter 2009	3.00
Third Quarter 2009	3.20
Fourth Quarter 2009	3.40
First Quarter 2010	3.80
Second Quarter 2010	<u>4.00</u>
Average	<u>3.38%</u>
Average of Historical and Projected Returns on 30 Year Treasury Bonds:	5.20%
	<u>3.38</u>
	<u>8.58%</u>
	$8.58\%/2 = \underline{4.29\%}$

- (3) The traditional Capital Asset Pricing Model (CAPM) is applied using the following formula:

$$R_S = R_F + \beta (R_M - R_F)$$

Where  $R_S$  = Return rate of common stock  
 $R_F$  = Risk Free Rate  
 $\beta$  = Value Line Adjusted Beta  
 $R_M$  = Return on the market as a whole

- (4) The empirical CAPM is applied using the following formula:

$$R_S = R_F + .25 (R_M - R_F) + .75 \beta (R_M - R_F)$$

Where  $R_S$  = Return rate of common stock  
 $R_F$  = Risk-Free Rate  
 $\beta$  = Value Line Adjusted Beta  
 $R_M$  = Return on the market as a whole

Source of Information: Value Line Summary & Index  
Blue Chip Financial Forecasts, January 1, 2009  
Value Line Investment Survey, December 12 and October 24, 2008 Standard Edition and Small and Mid-Cap Edition  
Ibbotson SBBI – 2008 Valuation Yearbook – Market Results for Stocks, Bonds, Bills, and Inflation for 1926-2007, Morningstar, Inc., 2008, Chicago,

Water Service Corporation of Kentucky  
 Comparable Earnings Analysis  
 for a Proxy Group of Two Hundred Non-Utility Companies Comparable to the  
Proxy Group of Seven AUS Utility Reports Water Companies (1)

Proxy Group of Two Hundred Non-Utility Companies Comparable to the Proxy Group of Seven AUS Utility Reports Water Companies (1)	Adj. Beta	Unadj. Beta	Standard Error of the Regression	Standard Deviation of Beta	Rate of Return on Book Common Equity, Net Worth or Partners' Capital			
					5-year Average (2)		5-Year Projected (3)	
					Percent	Student's Statistic	Percent	Student's Statistic
Advance Auto Parts	1.05	1.02	3.5257	0.1292	24.84 %	0.91	20.00 %	0.56
Applied Biosystems	0.80	0.67	2.8002	0.1026	15.58	(0.02)	11.50	(0.54)
ABM Industries Inc.	0.80	0.81	3.2908	0.1206	8.88	(0.70)	12.00	(0.47)
ACE Limited	1.10	1.14	2.8575	0.1047	12.84	(0.29)	11.50	(0.54)
Alcon Inc.	0.80	0.63	3.4382	0.1260	43.20 (4)	2.79	40.00 (4)	3.15
Accenture Ltd.	1.00	1.00	2.8097	0.1030	54.48 (4)	3.94	41.00 (4)	3.28
Affiliated Computer	0.95	0.89	3.1689	0.1162	13.52	(0.22)	14.50	(0.15)
Analog Devices	0.85	0.76	3.3892	0.1242	14.62	(0.11)	21.00	0.69
AES Corp.	1.15	1.17	3.5310	0.1294	31.78	1.63	14.50	(0.15)
Astoria Financial	1.15	1.19	3.2096	0.1176	14.78	(0.10)	15.00	(0.08)
Allergan, Inc.	0.85	0.72	2.8943	0.1061	27.16	1.16	14.00	(0.21)
Albany Intl A	1.05	1.07	2.8042	0.1028	11.12	(0.47)	11.00	(0.60)
Albemarle Corp.	1.10	1.14	3.1438	0.1152	14.06	(0.17)	19.50	0.50
Aon Corp.	0.90	0.83	3.5724	0.1309	12.20	(0.36)	13.00	(0.34)
Apache Corp.	1.05	1.07	3.5705	0.1309	20.40	0.47	15.50	(0.02)
Anadarko Petroleum	1.05	1.04	3.3364	0.1223	19.14	0.35	11.50	(0.54)
Arch Chemicals	1.15	1.17	3.5715	0.1309	8.50	(0.74)	12.50	(0.41)
Arrow Electronics	1.15	1.21	3.5252	0.1292	10.08	(0.57)	10.00	(0.73)
AvalonBay Communities	1.15	1.23	2.8531	0.1046	4.90	(1.10)	11.00	(0.60)
Bed Bath & Beyond	1.00	0.98	3.3183	0.1216	22.68	0.71	18.50	0.37
Brinks (The) Co.	1.10	1.08	3.1718	0.1163	10.08	(0.57)	14.00	(0.21)
Black & Decker	1.05	1.04	2.9714	0.1089	33.92	1.85	24.00	1.08
Baker Hughes	1.05	1.04	3.5555	0.1303	18.42	0.27	17.00	0.18
Bio-Rad Labs. A	0.80	0.78	3.4815	0.1276	12.78	(0.30)	13.00	(0.34)
Belo Corp. A	1.00	0.96	3.2351	0.1186	8.68	(0.72)	8.50	(0.92)
BMC Software	1.05	1.05	3.5833	0.1313	16.02	0.03	19.50	0.50
Bob Evans Farms	0.80	0.81	3.5626	0.1306	8.42	(0.74)	12.00	(0.47)
BRE Properties	1.00	0.99	2.8464	0.1080	7.14	(0.87)	7.50	(1.05)
Brown & Brown	0.75	0.59	3.0463	0.1117	19.68	0.40	13.50	(0.28)
CA, Inc.	1.00	0.99	3.1954	0.1171	5.14	(1.08)	12.50	(0.41)
CAE Inc.	1.00	0.94	3.5987	0.1319	12.24	(0.36)	20.50	0.63
Cardinal Health	0.85	0.75	3.5734	0.1310	17.60	0.19	18.50	0.37
Cameron Intl Corp.	1.10	1.07	3.5360	0.1286	12.74	(0.30)	22.50	0.89
Caseys Genl Stores	1.00	0.94	3.5068	0.1285	10.82	(0.52)	12.50	(0.41)
C.H. Robinson	1.10	1.10	3.5322	0.1295	25.94	1.04	25.00	1.21



**Water Service Corporation of Kentucky**  
**Comparable Earnings Analysis**  
for a Proxy Group of Two Hundred Non-Utility Companies Comparable to the  
Proxy Group of Seven AUS Utility Reports Water Companies (1)

Proxy Group of Two Hundred Non-Utility Companies Comparable to the Proxy Group of Seven AUS Utility Reports Water Companies (1)	Adj. Beta	Unadj. Beta	Standard Error of the Regression	Standard Deviation of Beta	Rate of Return on Book Common Equity, Net Worth or Partners' Capital			
					5-year Average (2)		5-Year Projected (3)	
					Percent	Student's Statistic	Percent	Student's Statistic
CLARCOR Inc.	1.10	1.12	3.3706	0.1235	15.42 %	(0.03)	13.00 %	(0.34)
Mack-Cali Rlty	1.00	0.97	3.0065	0.1102	6.14	(0.97)	6.00	(1.25)
Conmed Corp.	0.95	0.90	3.5362	0.1296	9.00	(0.68)	9.00	(0.86)
Con-way Inc.	1.00	0.96	3.5189	0.1290	20.46	0.48	16.50	0.11
Coca-Cola Bottling	0.75	0.62	3.1300	0.1147	32.82	1.74	18.00	0.31
Columbia Sportswear	1.00	0.95	3.2951	0.1208	16.76	0.10	13.00	(0.34)
ConocoPhillips	1.10	1.08	2.8449	0.1043	17.82	0.21	19.50	0.50
Can. Pacific Railway	1.10	1.14	2.8000	0.1026	11.06	(0.47)	12.50	(0.41)
Charles River	0.75	0.56	3.1288	0.1147	9.30	(0.65)	8.50	(0.92)
Computer Sciences	1.00	0.98	3.2295	0.1184	9.92	(0.59)	10.50	(0.66)
Cisco Systems	1.05	1.03	3.1772	0.1165	21.48	0.58	22.50	0.89
Carlisle Cos.	0.95	0.92	3.1044	0.1138	16.90	0.12	16.00	0.05
CSX Corp.	1.20	1.23	2.8078	0.1029	9.70	(0.61)	18.50	0.37
Covance Inc.	0.75	0.55	3.0300	0.1111	15.34	(0.04)	15.00	(0.08)
CVS Caremark Corp.	0.70	0.53	2.8266	0.1036	12.64	(0.31)	11.00	(0.60)
Curtiss-Wright	1.10	1.14	2.9405	0.1078	11.20	(0.46)	12.50	(0.41)
Corrections Corp. Amer.	0.90	0.84	3.0008	0.1100	11.18	(0.46)	11.50	(0.54)
Cytex Inds.	1.15	1.22	2.9058	0.1065	11.44	(0.44)	8.50	(0.92)
Donaldson Co.	1.10	1.08	2.8349	0.1039	22.02	0.64	21.00	0.69
Dell Inc.	0.95	0.85	3.3562	0.1230	64.60 (4)	4.97	27.50	1.53
Dionex Corp.	1.00	0.93	3.1756	0.1164	22.18	0.66	23.50	1.02
Duke Realty Corp.	1.15	1.21	2.8884	0.1059	6.54	(0.93)	6.00	(1.25)
DaVita Inc.	0.75	0.61	3.0385	0.1114	32.02	1.66	15.50	(0.02)
Lauder (Estee)	0.80	0.68	2.9939	0.1097	25.82	1.03	38.00 (4)	2.63
Eastman Chemical	1.10	1.12	2.8433	0.1079	18.92	0.32	27.00	1.47
Equity Residential	1.15	1.17	2.9036	0.1064	2.72	(1.32)	2.50	(1.70)
FactSet Research	1.10	1.10	3.5960	0.1318	26.78	1.12	25.50	1.28
Federated Investors	1.05	1.07	2.8251	0.1035	41.18 (4)	2.59	35.50	2.57
Flowers Foods	0.95	0.86	3.1667	0.1161	11.74	(0.41)	15.00	(0.08)
FMC Corp.	1.15	1.22	3.1529	0.1156	18.06	0.24	23.00	0.95
FirstMerit Corp.	1.15	1.16	3.3748	0.1237	12.26	(0.35)	14.50	(0.15)
Federal Rlty. Inv. Trust	1.15	1.21	2.9075	0.1066	10.96	(0.49)	12.00	(0.47)
G&K Services 'A	0.75	0.58	2.8546	0.1046	8.10	(0.78)	7.00	(1.12)

**Water Service Corporation of Kentucky**  
**Comparable Earnings Analysis**  
for a Proxy Group of Two Hundred Non-Utility Companies Comparable to the  
Proxy Group of Seven AUS Utility Reports Water Companies (1)

Proxy Group of Two Hundred Non-Utility Companies Comparable to the Proxy Group of Seven AUS Utility Reports Water Companies (1)	Adj. Beta	Unadj. Beta	Standard Error of the Regression	Standard Deviation of Beta	Rate of Return on Book Common Equity, Net Worth or Partners' Capital			
					5-year Average (2)		5-Year Projected (3)	
					Percent	Student's Statistic	Percent	Student's Statistic
Gladstone Capital	0.90	0.84	3.0864	0.1131	10.00 %	(0.58)	12.00 %	(0.47)
Glatfelter	1.15	1.15	3.3563	0.1230	4.76	(1.12)	9.50	(0.79)
Global Payments	0.95	0.89	3.4804	0.1276	15.30	(0.04)	16.00	0.05
Goodrich Corp.	1.05	1.07	3.4253	0.1255	13.76	(0.20)	18.50	0.37
Gralinger (W.V.)	1.05	1.05	2.8458	0.1043	15.46	(0.03)	18.00	0.31
Haemonetics Corp.	0.80	0.63	3.2831	0.1207	11.10	(0.47)	14.00	(0.21)
Hain Celestial Group	0.85	0.71	3.4066	0.1249	6.18	(0.97)	9.00	(0.86)
Hasbro, Inc.	0.95	0.86	3.0093	0.1103	16.48	0.08	20.00	0.56
Hancock Holding	1.10	1.12	3.5515	0.1302	13.22	(0.26)	12.50	(0.41)
Harte-Hanks	0.95	0.91	3.1238	0.1145	19.72	0.41	17.00	0.18
Harley-Davidson	1.10	1.08	3.1892	0.1169	32.30	1.68	31.00 (4)	1.99
Hewlett-Packard	1.05	1.05	2.9856	0.1094	13.38	(0.24)	20.50	0.63
Hospitality Properties	1.00	0.99	2.8447	0.1043	7.32	(0.86)	6.00	(1.25)
Healthcare Rlty Trust Block (H&R)	1.00	0.98	3.2166	0.1179	4.78	(1.11)	6.50	(1.18)
Heartland Express	1.00	0.97	3.2288	0.1183	33.28	1.78	32.50 (4)	2.18
Heartland Express	1.10	1.09	3.5873	0.1315	17.60	0.19	15.50	(0.02)
Integra LifeSciences	0.75	0.59	3.4608	0.1268	10.24	(0.56)	15.50	(0.02)
IDEXX Labs.	0.80	0.64	3.0704	0.1125	19.98	0.43	17.00	0.18
Ingram Micro A	1.00	0.94	3.5902	0.1316	8.22	(0.76)	8.50	(0.92)
Imperial Oil Ltd.	1.10	1.08	3.3980	0.1245	35.90 (4)	2.05	39.00 (4)	3.02
Intuit Inc.	0.95	0.89	3.0882	0.1132	20.96	0.53	24.50	1.15
Iron Mountain	1.05	1.02	3.2191	0.1180	8.14	(0.77)	9.50	(0.79)
Journal Communications	0.95	0.89	3.3010	0.1220	12.68	(0.31)	6.50	(1.18)
Kelly Services A	1.05	1.01	3.0352	0.1112	4.88	(1.10)	9.00	(0.86)
Quaker Chemical	1.15	1.19	3.4919	0.1280	9.82	(0.60)	17.00	0.18
Lincoln Elec Hldgs.	1.15	1.21	2.8586	0.1048	16.50	0.08	17.50	0.24
Leggett & Platt	1.00	0.98	3.5079	0.1286	9.84	(0.60)	14.00	(0.21)
Lowe's Cos.	1.05	1.05	3.1553	0.1157	18.68	0.30	11.50	(0.54)
Liberty Property	1.10	1.12	2.9045	0.1065	8.76	(0.71)	11.00	(0.60)
Southwest Airlines	0.90	0.80	3.0446	0.1116	6.92	(0.90)	9.50	(0.79)
Manpower Inc.	1.15	1.22	3.2373	0.1187	12.80	(0.30)	14.00	(0.21)
Marriott Intl	1.15	1.19	2.9212	0.1071	25.02	0.94	21.50	0.76
Masco Corp.	1.20	1.23	2.8798	0.1056	17.78	0.21	20.00	0.56
Mattel, Inc.	0.90	0.82	3.2654	0.1197	23.58	0.80	24.00	1.08
Mathews Intl	1.05	1.00	3.0053	0.1102	17.22	0.15	16.50	0.11
McKesson Corp.	0.85	0.72	3.2251	0.1182	13.62	(0.21)	13.50	(0.28)

Water Service Corporation of Kentucky  
Comparable Earnings Analysis  
for a Proxy Group of Two Hundred Non-Utility Companies Comparable to the  
Proxy Group of Seven AUS Utility Reports Water Companies (1)

Proxy Group of Two Hundred Non-Utility Companies Comparable to the Proxy Group of Seven AUS Utility Reports Water Companies (1)	Adj. Beta	Unadj. Beta	Standard Error of the Regression	Standard Deviation of Beta	Rate of Return on Book Common Equity, Net Worth or Partners' Capital			
					5-year Average (2)		5-Year Projected (3)	
					Percent	Student's Statistic	Percent	Student's Statistic
Magna Int'l A	1.05	1.07	2.8224	0.1035	11.24 %	(0.46)	10.00 %	(0.73)
Mohawk Inds.	1.10	1.14	2.8349	0.1039	12.24	(0.36)	11.00	(0.60)
McGraw-Hill	1.05	1.00	2.8087	0.1029	34.74	1.93	26.00	1.34
MAXIMUS Inc.	0.85	0.74	3.3590	0.1231	7.08	(0.88)	14.00	(0.21)
Molex Inc.	1.05	1.05	3.0894	0.1132	9.10	(0.67)	8.50	(0.92)
M&T Bank Corp.	1.15	1.22	3.0677	0.1124	12.02	(0.38)	9.50	(0.79)
Max Capital Group	0.85	0.71	2.9209	0.1071	12.96	(0.28)	14.00	(0.21)
National Instruments	1.05	1.04	3.5139	0.1288	11.64	(0.42)	11.50	(0.54)
Noble Energy	1.15	1.17	3.4177	0.1253	19.20	0.35	15.50	(0.02)
National Presto Ind.	0.90	0.78	3.2429	0.1189	8.52	(0.73)	15.50	(0.02)
Norfolk Southern	1.10	1.13	3.4040	0.1248	12.30	(0.35)	13.00	(0.34)
New York Community	1.05	1.06	3.2105	0.1177	8.84	(0.70)	12.00	(0.47)
New York Times	0.95	0.85	2.8583	0.1048	18.50	0.28	14.50	(0.15)
Realty Income Corp.	1.05	1.00	2.9390	0.1077	8.56	(0.73)	9.00	(0.86)
Owens & Minor	0.80	0.69	3.2352	0.1186	12.24	(0.36)	13.50	(0.28)
Old Nat'l Bancorp	1.10	1.12	3.4757	0.1274	11.08	(0.47)	14.00	(0.21)
Oracle Corp.	1.00	0.98	3.1498	0.1155	32.46	1.70	38.00	2.89
Old Republic	1.15	1.19	2.8458	0.1043	10.00	(0.58)	8.50	(0.92)
O'Reilly Automotive	1.05	1.02	3.2083	0.1176	12.88	(0.29)	11.50	(0.54)
Occidental Petroleum	1.15	1.21	3.1585	0.1158	22.82	0.72	17.50	0.24
Psychex, Inc.	0.90	0.79	2.8044	0.1028	26.70	1.11	40.00 (4)	3.15
Peoples United Finl	1.00	1.00	3.1737	0.1163	7.32	(0.86)	7.00	(1.12)
Patterson Cos.	0.80	0.64	3.4949	0.1281	18.04	0.23	17.00	0.18
Pediatric Medical	0.90	0.83	3.1256	0.1146	14.94	(0.08)	12.50	(0.41)
Penn. R.E.I.T.	1.10	1.15	3.4658	0.1270	3.64	(1.23)	6.50	(1.18)
PerkinElmer Inc.	1.05	1.03	3.2589	0.1184	7.62	(0.82)	10.00	(0.73)
Pfizer Corp.	1.00	0.97	2.8757	0.1054	13.30	(0.25)	23.00	0.95
PNC Financial Serv.	1.15	1.21	2.8825	0.1057	14.18	(0.16)	12.00	(0.47)
Public Storage	1.05	1.05	2.9446	0.1079	6.96	(0.89)	6.50	(1.18)
Pactiv Corp.	1.10	1.14	3.2099	0.1177	21.16	0.55	14.50	(0.15)
Penn Virginia Res.	0.95	0.87	3.3195	0.1217	18.86	0.32	17.50	0.24
Provident Energy	0.80	0.66	3.1483	0.1154	5.30	(1.06)	13.50	(0.28)
Papa John's Int'l	0.90	0.80	3.2599	0.1195	29.60	1.41	20.00	0.56
Ryder System	1.15	1.16	3.4640	0.1270	13.10	(0.27)	12.50	(0.41)
Ralcorp Holdings	0.75	0.58	3.4856	0.1278	15.04	(0.07)	9.50	(0.79)
Reynolds American	0.85	0.73	2.9350	0.1076	12.74	(0.30)	17.50	0.24
Ruddick Corp.	0.90	0.79	3.2068	0.1175	11.40	(0.44)	11.50	(0.54)
Regis Corp.	1.15	1.15	3.0321	0.1111	13.22	(0.26)	9.50	(0.79)
Robert Half Int'l	1.15	1.21	3.5803	0.1312	19.60	0.39	26.50	1.40
RLI Corp.	0.90	0.83	2.7905	0.1023	14.18	(0.16)	11.00	(0.60)
ResMed Inc.	0.80	0.63	3.5712	0.1309	13.92	(0.18)	11.50	(0.54)
Rollins, Inc.	0.90	0.80	3.2344	0.1185	27.34	1.18	26.00	1.34
Starbucks Corp.	1.05	1.03	3.1809	0.1170	21.58	0.59	25.00	1.21

Water Service Corporation of Kentucky  
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Proxy Group of Seven AUS Utility Reports Water Companies (1)

Proxy Group of Two Hundred Non-Utility Companies Comparable to the Proxy Group of Seven AUS Utility Reports Water Companies (1)	Adj. Beta	Unadj. Beta	Standard Error of the Regression	Standard Deviation of Beta	Rate of Return on Book Common Equity, Net Worth or Partners' Capital			
					5-year Average (2)		5-Year Projected (3)	
					Percent	Student's Statistic	Percent	Student's Statistic
Scholastic Corp.	0.95	0.88	3.3149	0.1215	6.66 %	(0.92)	7.00 %	(1.12)
Service Corp. Intl	1.05	1.01	3.2896	0.1209	7.02	(0.89)	13.50	(0.28)
Sealed Air	0.95	0.90	2.9609	0.1085	17.74	0.20	12.00	(0.47)
Smithfield Foods	0.85	0.76	3.5564	0.1305	9.64	(0.62)	8.00	(0.99)
Schulman (A.)	0.90	0.83	3.4308	0.1257	6.18	(0.97)	7.50	(1.05)
Sherwin-Williams	1.05	1.02	2.9068	0.1095	27.38	1.18	23.00	0.95
Selective Ins. Group	1.00	0.93	3.1490	0.1154	11.82	(0.40)	11.00	(0.60)
Schlumberger Ltd.	1.10	1.13	3.5744	0.1310	26.58	1.10	19.50	0.50
Silgan Holdings	1.10	1.14	3.0715	0.1126	35.66 (4)	2.03	17.50	0.24
Snap-on Inc.	1.00	0.94	2.9078	0.1086	10.22	(0.56)	15.00	(0.08)
Simon Property Group	1.15	1.18	2.7862	0.1025	8.86	(0.70)	21.00	0.69
Staples, Inc.	1.10	1.14	3.0354	0.1113	17.50	0.18	15.00	(0.08)
Stericycle Inc.	0.85	0.71	3.4170	0.1252	16.86	0.11	15.00	(0.08)
STERIS Corp.	0.80	0.64	3.3951	0.1244	11.64	(0.42)	16.00	0.05
Constellation Brands	0.85	0.70	3.4379	0.1280	11.02	(0.48)	10.00	(0.73)
SUPERVALU INC.	0.75	0.59	3.4176	0.1253	11.44	(0.44)	9.00	(0.86)
Safeway Inc.	0.80	0.62	3.0988	0.1136	14.96	(0.08)	14.50	(0.15)
Sensient Techn.	0.95	0.88	2.8249	0.1035	11.40	(0.44)	11.00	(0.60)
Sybase Inc.	0.90	0.84	3.2643	0.1196	11.16	(0.46)	11.50	(0.54)
Stryker Corp.	0.80	0.69	2.9021	0.1064	20.56	0.49	22.50	0.89
Tech Data	0.95	0.88	2.9574	0.1084	6.44	(0.94)	7.50	(1.05)
Techno Corp.	0.95	0.86	2.7642	0.1013	20.64	0.50	21.50	0.76
Teva Pharmac. (ADR)	0.70	0.54	3.3353	0.1222	17.08	0.14	14.00	(0.21)
Teleflex Inc.	1.05	1.01	2.8047	0.1028	11.76	(0.40)	14.50	(0.15)
Target Corp.	1.00	0.93	2.9894	0.1099	16.90	0.12	17.50	0.24
Hanover Insurance	1.15	1.18	2.8959	0.1061	6.80	(0.91)	9.00	(0.86)
TJX Companies	0.85	0.75	2.9889	0.1096	38.60 (4)	2.32	45.50 (4)	3.86
Total System Svcs.	1.05	1.03	3.5042	0.1284	21.40	0.58	17.50	0.24
Texas Instruments	1.00	0.99	3.4685	0.1271	17.92	0.22	15.50	(0.02)
UnitedHealth Group	0.80	0.69	3.5983	0.1319	24.30	0.87	19.00	0.43
Unum Group	1.15	1.18	2.9821	0.1093	7.28	(0.86)	10.50	(0.66)
U.S. Bancorp	1.10	1.11	2.7770	0.1018	21.16	0.55	19.00	0.43

**Water Service Corporation of Kentucky**  
**Comparable Earnings Analysis**  
for a Proxy Group of Two Hundred Non-Utility Companies Comparable to the  
Proxy Group of Seven AUS Utility Reports Water Companies (1)

Proxy Group of Two Hundred Non-Utility Companies Comparable to the Proxy Group of Seven AUS Utility Reports Water Companies (1)	Adj. Beta	Unadj. Beta	Standard Error of the Regression	Standard Deviation of Beta	Rate of Return on Book Common Equity, Net Worth or Partners' Capital			
					5-year Average (2)		5-Year Projected (3)	
					Percent	Student's Statistic	Percent	Student's Statistic
United Stationers	1.05	1.01	3.3845	0.1241	14.04 %	(0.17)	14.50 %	(0.15)
Universal Corp.	0.80	0.82	3.3719	0.1236	11.90	(0.39)	12.50	(0.41)
Varian Inc.	1.05	1.06	3.5386	0.1297	10.42	(0.54)	13.00	(0.34)
Vlad Corp.	1.00	0.99	3.5564	0.1412	9.18	(0.67)	8.50	(0.92)
WD-40 Co.	0.80	0.84	3.3154	0.1215	21.86	0.82	19.50	0.50
Werner Enterprises	1.05	1.08	3.5119	0.1287	10.78	(0.50)	12.50	(0.41)
Washington Federal	1.10	1.13	3.0836	0.1130	11.88	(0.39)	13.50	(0.28)
Whirlpool Corp.	1.15	1.16	3.5423	0.1298	22.52	0.69	13.50	(0.28)
Williams Cos.	1.10	1.13	3.4151	0.1252	7.16	(0.87)	16.00	0.05
W.P. Carey & Co. LLC	0.85	0.72	2.7866	0.1021	11.38	(0.44)	15.00	(0.08)
Watson Pharmac.	0.85	0.70	3.3831	0.1240	8.26	(0.76)	10.50	(0.66)
Berkley (W.R.)	1.00	1.00	2.8329	0.1038	19.72	0.41	17.00	0.18
Washington R.E.I.T.	1.05	1.06	2.7689	0.1015	9.68	(0.82)	9.50	(0.79)
Weingarten Realty	1.05	1.07	2.7865	0.1021	12.72	(0.31)	11.50	(0.54)
World Wrestling Ent.	0.80	0.67	3.2896	0.1206	11.56	(0.42)	27.50	1.53
Xerox Corp.	1.05	1.01	2.8017	0.1027	12.68	(0.31)	13.00	(0.34)
Zebra Techn. A	1.05	1.04	3.4401	0.1261	13.50	(0.23)	13.00	(0.34)
Zimmer Holdings	0.85	0.71	3.2947	0.1208	14.86	(0.09)	14.00	(0.21)
Average	<u>0.99</u>	<u>0.95</u>	<u>3.1829</u>	<u>0.1167</u>				
 Average for the Proxy Group of Seven AUS Utility Reports Water Companies	<u>0.94</u>	<u>0.88</u>	<u>3.1822</u> (5)	<u>0.1166</u>				
 Median					<u>13.10%</u>		<u>14.00%</u>	
 Conclusion (6)						<u>13.55%</u> (6)		
 Conservative Median (7)					<u>12.82%</u>		<u>14.00%</u>	
 Conservative Conclusion (8)						<u>13.41%</u> (8)		
 See page 13 for notes.								

Water Service Corporation of Kentucky  
Comparable Earnings Analysis  
for a Proxy Group of Thirty-Five Non-Utility Companies Comparable to the  
Proxy Group of Ten AUS Utility Reports Natural Gas Distribution Companies (9)

Proxy Group of Thirty-Five Non-Utility Companies Comparable to the Proxy Group of Ten AUS Utility Reports Natural Gas Distribution Companies (9)	Adj Beta	Unadj Beta	Standard Error of the Regression	Standard Deviation of Beta	Rate of Return on Book Common 5-Year Projected (3)	
					Percent	Student's Statisti
Automatic Data Proc.	0.75	0.61	2.1859	0.0805	16.00 %	(0.33)
Aflac Inc.	0.80	0.63	2.2551	0.0827	21.00	0.08
Allstate Corp.	0.90	0.84	2.1023	0.0771	15.50	(0.37)
Bard (C.R.)	0.65	0.45	2.2685	0.0831	23.50	0.29
Buckeye Partners L.P.	0.75	0.56	2.2149	0.0812	15.00	(0.41)
Commerce Bancshs.	0.95	0.85	1.8554	0.0680	12.00	(0.65)
Campbell Soup	0.80	0.62	1.9161	0.0702	30.00	0.82
Chevron Corp.	0.90	0.84	2.1261	0.0779	21.50	0.13
Ecolab Inc.	0.90	0.79	1.9264	0.0706	19.50	(0.04)
Erie Indemnity Co.	0.70	0.48	1.8643	0.0683	22.00	0.17
Genl Dynamics	0.85	0.76	2.1002	0.0770	17.00	(0.24)
Genl Electric	0.85	0.76	2.1091	0.0773	16.00	(0.33)
Hormel Foods	0.70	0.54	2.2832	0.0837	16.00	(0.33)
Intl Flavors & Frag.	0.85	0.76	2.0680	0.0758	25.50	0.45
Kraft Foods	0.75	0.57	2.0898	0.0766	10.50	(0.78)
Kinder Morgan Energy	0.65	0.46	2.0568	0.0754	29.00	0.74
Lockheed Martin	0.80	0.64	2.1260	0.0779	30.00	0.82
Mercury General	0.90	0.82	2.2101	0.0810	12.50	(0.61)
3M Company	0.90	0.79	2.1897	0.0803	28.50	0.70
Northrop Grumman	0.80	0.63	1.9205	0.0704	12.50	(0.61)
Plains All Amer. Pipe.	0.75	0.59	2.2560	0.0827	10.00	(0.82)
Pitney Bowes	0.80	0.69	1.9318	0.0708	78.00 (4)	4.76
PartnerRe Ltd.	0.80	0.64	1.9580	0.0718	11.00	(0.74)
Everest Re Group Ltd.	0.95	0.85	2.2843	0.0837	13.00	(0.57)
Republic Services	0.85	0.74	2.0803	0.0763	25.00	0.41
Raytheon Co.	0.85	0.76	1.9244	0.0705	14.50	(0.45)
Sigma-Aldrich	0.85	0.70	2.0365	0.0746	19.50	(0.04)
Sara Lee Corp.	0.80	0.64	2.1562	0.0790	25.00	0.41
TEPPCO Partners L.P.	0.70	0.54	2.2388	0.0821	17.50	(0.20)
TransCanada Corp.	0.80	0.62	2.2708	0.0832	15.50	(0.37)
United Parcel Serv.	0.85	0.70	2.1869	0.0802	32.00	0.99
Waste Connections	0.85	0.71	2.1854	0.0801	11.00	(0.74)
Waste Management	0.90	0.83	2.0041	0.0735	20.00	-
Washington Post	0.75	0.61	2.1074	0.0772	7.50	(1.02)
Alleghany Corp.	0.70	0.54	2.2261	0.0816	6.00	(1.15)
Average	<u>0.81</u>	<u>0.67</u>	<u>2.1064</u>	<u>0.0772</u>		
Average for the Proxy Group of Ten AUS Utility Reports Natural Gas Distribution Companies	<u>0.79</u>	<u>0.64</u>	<u>2.0207</u> (10)	<u>0.0741</u>		
Median					<u>17.00%</u>	
Conservative Median (7)					<u>16.50%</u>	

See page 13 for notes.

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Proxy Group of Seven AUS Utility Reports Water Companies (1)

Proxy Group of Two Hundred Non-Utility Companies Comparable to the Proxy Group of Seven AUS Utility Reports Water Companies (1)	Adj. Beta	Unadj. Beta	Standard Error of the Regression	Standard Deviation of Beta	Rate of Return on Book Common Equity, Net Worth or Partners' Capital					
					2003	2004	2005	2006	2007	5-Year Projected (3)
Advance Auto Parts	1.05	1.02	3.5257	0.1292	25.40 %	26.30 %	25.50 %	22.40 %	23.60 %	20.00 %
Applied Biosystems	0.80	0.67	2.8002	0.1026	13.00	13.90	15.60	18.60	16.80	11.50
ABM Industries Inc.	0.90	0.81	3.2908	0.1206	8.20	9.50	9.80	8.90	8.20	12.00
ACE Limited	1.10	1.14	2.8575	0.1047	13.80	10.00	8.10	16.50	15.80	11.50
Alcon Inc.	0.80	0.63	3.4382	0.1260	37.10	39.80	44.60	46.10	48.40	40.00
Accenture Ltd.	1.00	1.00	2.8097	0.1030	62.70	46.80	50.00	52.80	60.20	41.00
Affiliated Computer	0.95	0.89	3.1689	0.1162	12.60	13.90	14.30	14.60	12.20	14.50
Analog Devices	0.85	0.76	3.3892	0.1242	9.10	15.00	13.20	15.50	20.30	21.00
AES Corp.	1.15	1.17	3.5310	0.1294	52.10	27.00	38.20	22.80	18.80	14.50
Astoria Financial	1.15	1.19	3.2096	0.1176	14.10	16.70	17.30	14.40	11.40	15.00
Allergan, Inc.	0.85	0.72	2.8943	0.1061	42.40	33.20	30.40	14.40	15.40	14.00
Albany Intl A	1.05	1.07	2.8042	0.1028	11.60	9.80	12.90	12.00	9.30	11.00
Albemarle Corp.	1.10	1.14	3.1438	0.1152	10.30	10.80	11.80	19.20	16.20	19.50
Aon Corp.	0.90	0.83	3.5724	0.1309	14.60	11.20	12.10	12.20	10.90	13.00
Apache Corp.	1.05	1.07	3.5705	0.1309	19.10	20.40	24.80	19.30	18.30	15.50
Anadarko Petroleum	1.05	1.04	3.3364	0.1223	14.40	17.20	22.30	18.70	23.10	11.50
Arch Chemicals	1.15	1.17	3.5715	0.1309	4.50	4.80	10.90	10.50	11.80	12.50
Arrow Electronics	1.15	1.21	3.5252	0.1292	5.00	10.70	11.20	12.00	11.50	10.00
AvalonBay Communities	1.15	1.23	2.8531	0.1046	3.80	3.60	4.00	6.80	6.30	11.00
Bed Bath & Beyond	1.00	0.98	3.3183	0.1216	20.10	22.90	25.30	23.10	22.00	16.50
Brinks (The) Co.	1.10	1.08	3.1718	0.1163	3.70	14.90	5.10	12.50	14.20	14.00
Black & Decker	1.05	1.04	2.9714	0.1089	36.50	28.30	35.70	41.80	27.30	24.00
Baker Hughes	1.05	1.04	3.5555	0.1303	9.90	13.60	16.60	26.00	24.00	17.00
Bio-Rad Labs. A	0.90	0.78	3.4815	0.1276	17.30	13.10	11.70	11.40	10.40	13.00
Belo Corp. A	1.00	0.96	3.2351	0.1186	8.10	9.70	8.30	9.00	8.30	8.50
BMC Software	1.05	1.05	3.5833	0.1313	5.00	6.50	16.50	20.60	31.50	19.50
Bob Evans Farms	0.90	0.81	3.5626	0.1306	11.40	5.70	6.80	8.20	10.00	12.00
BRE Properties	1.00	0.99	2.9464	0.1080	6.00	7.00	8.00	7.40	7.30	7.50
Brown & Brown	0.75	0.59	3.0463	0.1117	22.20	20.60	19.70	16.50	17.40	13.50
CA, Inc.	1.00	0.99	3.1954	0.1171	1.60	4.10	3.30	3.20	13.50	12.50
CAE Inc.	1.00	0.94	3.5987	0.1319	8.10	7.20	12.90	15.60	17.40	20.50
Cardinal Health	0.85	0.75	3.5734	0.1310	16.60	19.60	15.50	15.60	16.70	16.50
Cameron Intl Corp.	1.10	1.07	3.5360	0.1296	5.70	7.70	10.70	17.20	22.40	22.60
Caseys Genl Stores	1.00	0.94	3.5068	0.1285	8.30	9.10	12.00	10.60	13.10	12.50
C.H. Robinson	1.10	1.10	3.5322	0.1295	22.10	22.10	28.10	28.30	31.10	25.00
CLARCOR Inc.	1.10	1.12	3.3706	0.1235	14.70	14.90	15.80	15.40	16.30	13.00
Mack-Cali Rlty	1.00	0.97	3.0065	0.1102	9.30	6.40	5.90	4.80	4.50	6.00
Conmed Corp.	0.95	0.90	3.5362	0.1296	10.20	11.30	9.20	6.40	7.80	9.00
Con-way Inc.	1.00	0.96	3.5189	0.1290	10.50	19.40	24.40	29.30	16.70	16.50
Coca-Cola Bottling	0.75	0.62	3.1300	0.1147	58.50	33.60	30.50	24.70	16.50	18.00
Columbia Sportswear	1.00	0.95	3.2951	0.1208	16.70	17.80	17.60	14.80	14.90	13.00
ConocoPhillips	1.10	1.08	2.8449	0.1043	13.40	19.00	20.30	19.50	16.80	19.50
Can. Pacific Railway	1.10	1.14	2.8000	0.1026	9.00	9.10	12.00	12.90	12.30	12.50
Charles River	0.75	0.56	3.1286	0.1147	17.30	6.50	6.40	7.80	8.50	8.50
Computer Sciences	1.00	0.98	3.2295	0.1184	9.70	7.60	9.20	11.10	12.00	10.50
Cisco Systems	1.05	1.03	3.1772	0.1165	15.30	20.70	24.80	23.30	23.30	22.50
Carlisle Cos.	0.95	0.92	3.1044	0.1138	14.10	16.80	18.30	16.40	16.80	16.00
CSX Corp.	1.20	1.23	2.8078	0.1029	6.30	6.80	6.70	11.60	14.10	16.50
Covance Inc.	0.75	0.55	3.0300	0.1111	13.50	15.40	16.30	15.70	15.80	15.00
CVS Caremark Corp.	0.70	0.53	2.8266	0.1036	14.10	13.10	14.10	13.50	8.40	11.00
Curtiss-Wright	1.10	1.14	2.9405	0.1078	10.80	11.30	11.80	10.60	11.40	12.50

Water Service Corporation of Kentucky  
 Comparable Earnings Analysis  
 for a Proxy Group of Two Hundred Non-Utility Companies Comparable to the  
Proxy Group of Seven AUS Utility Reports Water Companies (1)

Proxy Group of Two Hundred Non-Utility Companies Comparable to the Proxy Group of Seven AUS Utility Reports Water Companies (1)	Adj. Beta	Unadj. Beta	Standard Error of the Regression	Standard Deviation of Beta	Rate of Return on Book Common Equity, Net Worth or Partners' Capital					
					2003	2004	2005	2006	2007	5-Year Projected (3)
Corrections Corp. Amer.	0.90	0.84	3.0008	0.1100	19.20 %	7.70 %	8.00 %	10.10 %	10.80 %	11.50 %
Cytec Inds.	1.15	1.22	2.9058	0.1065	12.00	13.20	11.40	10.60	10.00	8.50
Donaldson Co.	1.10	1.08	2.8349	0.1039	21.30	19.40	21.10	24.20	24.10	21.00
Dell Inc.	0.95	0.85	3.3562	0.1230	42.10	51.20	92.60	58.20	76.90	27.50
Dionex Corp.	1.00	0.93	3.1756	0.1164	19.70	22.60	24.90	19.30	24.40	23.50
Duke Realty Corp.	1.15	1.21	2.8884	0.1059	7.90	7.50	5.40	6.10	5.80	6.00
DaVita Inc.	0.75	0.61	3.0385	0.1114	53.20	41.50	24.40	21.30	19.70	15.50
Lauder (Estee)	0.80	0.66	2.9939	0.1097	18.70	21.70	25.60	25.70	37.40	38.00
Eastman Chemical	1.10	1.12	2.9433	0.1079	7.20	16.50	30.10	20.50	20.30	27.00
Equity Residential	1.15	1.17	2.9036	0.1064	4.80	2.90	2.50	1.80	1.80	2.50
FactSet Research	1.10	1.10	3.5960	0.1318	23.60	35.30	28.00	22.20	26.80	25.50
Federated Investors	1.05	1.07	2.8251	0.1035	51.70	43.40	38.60	38.10	37.90	35.50
Flowers Foods	0.95	0.86	3.1667	0.1161	9.10	9.50	12.30	13.30	14.50	15.00
FMC Corp.	1.15	1.22	3.1528	0.1156	11.50	15.40	17.90	21.20	24.30	23.00
FirstMerit Corp.	1.15	1.16	3.3748	0.1237	12.30	10.50	13.60	11.20	13.40	14.50
Federal Rlty. Inv. Trust	1.15	1.21	2.9075	0.1066	10.80	12.50	10.80	12.10	8.80	12.00
G&K Services 'A	0.75	0.58	2.8546	0.1046	8.80	8.30	8.40	7.60	7.30	7.00
Gladstone Capital	0.90	0.84	3.0864	0.1131	8.60	8.70	11.40	11.20	10.10	12.00
Glatfelter	1.15	1.15	3.3563	0.1230	2.90	3.20	4.00	6.30	7.40	9.50
Global Payments	0.95	0.89	3.4804	0.1276	14.50	13.90	16.50	16.50	15.10	16.00
Goodrich Corp.	1.05	1.07	3.4253	0.1255	3.20	12.80	16.60	17.00	19.20	18.50
Grainger (W.W.)	1.05	1.05	2.8458	0.1043	12.30	13.40	14.70	16.90	20.00	18.00
Haemonetics Corp.	0.80	0.63	3.2931	0.1207	10.50	11.20	11.80	10.50	11.50	14.00
Hain Celestial Group	0.85	0.71	3.4066	0.1249	6.20	5.40	6.00	6.50	6.80	9.00
Hasbro, Inc.	0.95	0.86	3.0093	0.1103	15.30	13.30	13.80	15.00	25.00	20.00
Hancock Holding	1.10	1.12	3.5515	0.1302	12.80	12.50	11.30	15.80	13.80	12.50
Harte-Hanks	0.95	0.91	3.1238	0.1145	15.70	17.10	20.40	22.70	22.70	17.00
Harley-Davidson	1.10	1.08	3.1892	0.1169	25.70	27.60	31.10	37.80	39.30	31.00
Hewlett-Packard	1.05	1.05	2.9856	0.1094	9.40	10.80	12.70	15.10	18.90	20.50
Hospitality Properties	1.00	0.99	2.8447	0.1043	7.00	7.50	7.00	6.90	8.20	6.00
Healthcare Rlty Trust	1.00	0.98	3.2166	0.1179	7.70	5.00	4.10	4.50	2.80	6.50
Block (H&R)	1.00	0.97	3.2288	0.1183	37.10	32.20	24.60	28.50	46.00	32.50
Heartland Express	1.10	1.09	3.5873	0.1315	15.60	16.00	16.60	17.60	22.20	15.50
Integra LifeSciences	0.75	0.59	3.4608	0.1268	10.00	5.60	12.80	9.90	12.90	15.50
IDEXX Labs.	0.80	0.64	3.0704	0.1125	14.90	16.80	21.50	21.40	23.30	17.00
Ingram Micro A	1.00	0.94	3.5902	0.1316	6.60	7.20	10.10	8.10	8.10	8.50
Imperial Oil Ltd.	1.10	1.08	3.3980	0.1245	29.10	32.50	37.80	41.00	38.10	39.00
Intuit Inc.	0.95	0.89	3.0882	0.1132	15.00	17.40	22.10	25.40	24.80	24.50
Iron Mountain	1.05	1.02	3.2191	0.1180	7.80	7.70	8.30	8.30	8.50	9.50
Journal Communications	0.95	0.89	3.3010	0.1220	14.40	16.00	12.60	11.60	8.60	6.50
Kelly Services A	1.05	1.01	3.0352	0.1112	0.80	3.40	5.80	7.60	6.80	9.00
Quaker Chemical	1.15	1.19	3.4919	0.1280	13.20	7.60	8.40	9.70	12.20	17.00
Lincoln Elec Hldgs.	1.15	1.21	2.8586	0.1048	11.70	14.80	17.40	20.00	18.60	17.50
Leggett & Platt	1.00	0.98	3.5079	0.1286	9.70	12.30	12.30	12.50	2.40	14.00
Lowes Cos.	1.05	1.05	3.1553	0.1157	18.10	18.90	19.30	19.70	17.40	11.50
Liberty Property	1.10	1.12	2.9045	0.1065	10.80	10.10	8.00	8.20	6.90	11.00



Water Service Corporation of Kentucky  
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Proxy Group of Seven AUS Utility Reports Water Companies (1)

Proxy Group of Two Hundred Non-Utility Companies Comparable to the Proxy Group of Seven AUS Utility Reports Water Companies (1)					Rate of Return on Book Common Equity, Net Worth or Partners' Capital					
	Adj. Beta	Unadj. Beta	Standard Error of the Regression	Standard Deviation of Beta	2003	2004	2005	2006	2007	5-Year Projected (3)
Southwest Airlines	0.90	0.80	3.0446	0.1116	5.90 %	5.70 %	7.00 %	9.20 %	8.80 %	9.50 %
Manpower Inc.	1.15	1.22	3.2373	0.1187	10.50	11.30	12.10	13.30	16.80	14.00
Marriott Intl	1.15	1.19	2.9212	0.1071	11.60	14.60	22.80	27.40	48.70	21.50
Masco Corp.	1.20	1.23	2.8798	0.1056	15.70	19.80	18.00	20.00	15.40	20.00
Mattel, Inc.	0.90	0.82	3.2654	0.1197	24.90	21.30	23.10	22.60	26.00	24.00
Mathews Intl	1.05	1.00	3.0053	0.1102	17.50	16.00	17.90	16.80	16.10	16.50
McKesson Corp.	0.85	0.72	3.2251	0.1182	12.50	12.40	12.50	14.00	16.70	13.50
Magna Intl A	1.05	1.07	2.8224	0.1035	12.90	13.20	11.30	9.00	9.80	10.00
Mohawk Inds.	1.10	1.14	2.8349	0.1039	13.50	13.80	12.60	12.00	9.30	11.00
McGraw-Hill	1.05	1.00	2.8087	0.1029	24.60	24.70	28.30	33.70	84.40	28.00
MAXIMUS Inc.	0.85	0.74	3.3590	0.1231	10.80	10.40	8.90	0.60	4.90	14.00
Molex Inc.	1.05	1.05	3.0894	0.1132	6.00	8.50	9.00	11.60	10.40	8.50
M&T Bank Corp.	1.15	1.22	3.0677	0.1124	10.70	12.60	13.30	13.40	10.10	9.50
Max Capital Group	0.85	0.71	2.9209	0.1071	15.00	14.30	0.50	15.60	19.40	14.00
National Instruments	1.05	1.04	3.5139	0.1288	7.80	10.00	12.20	12.20	16.20	11.50
Noble Energy	1.15	1.17	3.4177	0.1253	13.10	22.40	20.40	20.80	18.20	15.50
National Presto Ind.	0.90	0.78	3.2429	0.1189	6.30	6.00	7.20	10.00	13.10	15.50
Norfolk Southern	1.10	1.13	3.4040	0.1248	7.60	10.90	12.50	15.40	15.10	13.00
New York Community	1.05	1.06	3.2105	0.1177	11.30	11.10	8.80	6.30	6.70	12.00
New York Times	0.95	0.85	2.8583	0.1048	21.50	20.90	15.40	20.50	14.20	14.50
Realty Income Corp.	1.05	1.00	2.9390	0.1077	9.60	9.20	9.00	8.70	8.30	9.00
Owens & Minor	0.80	0.69	3.2352	0.1186	13.10	13.10	13.00	10.20	11.80	13.50
Old Natl Bancorp	1.10	1.12	3.4757	0.1274	9.80	9.60	12.10	12.40	11.50	14.00
Oracle Corp.	1.00	0.98	3.1498	0.1155	38.50	33.50	32.70	28.30	31.30	38.00
Old Republic	1.15	1.19	2.8458	0.1043	12.60	10.50	11.50	10.40	5.00	8.50
O'Reilly Automotive	1.05	1.02	3.2083	0.1176	12.80	12.40	13.80	13.10	12.20	11.50
Occidental Petroleum	1.15	1.21	3.1585	0.1158	20.30	25.40	26.40	22.70	19.30	17.50
Paychex, Inc.	0.90	0.79	2.8044	0.1028	27.20	25.20	26.60	28.10	26.40	40.00
Peoples United Finl	1.00	1.00	3.1737	0.1163	6.40	7.80	9.70	9.30	3.40	7.00
Patterson Cos.	0.80	0.64	3.4949	0.1281	16.60	16.10	16.00	15.10	22.40	17.00
Pediatric Medical	0.90	0.83	3.1256	0.1146	14.70	17.10	16.10	11.40	15.40	12.50
Penn. R.E.I.T.	1.10	1.15	3.4658	0.1270	2.80	4.80	5.10	3.20	2.30	6.50
PerkinElmer Inc.	1.05	1.03	3.2589	0.1194	4.10	6.70	8.40	9.10	9.60	10.00
Pull Corp.	1.00	0.97	2.8757	0.1054	15.40	14.40	12.40	12.30	12.00	23.00
PNC Financial Serv.	1.15	1.21	2.8825	0.1057	15.50	16.00	15.50	14.00	9.90	12.00
Public Storage	1.05	1.05	2.9446	0.1079	8.00	8.30	9.50	3.80	5.20	6.50
Pactiv Corp.	1.10	1.14	3.2099	0.1177	21.70	19.70	17.70	26.80	19.90	14.50
Penn Virginia Res.	0.95	0.87	3.3195	0.1217	14.80	22.90	23.00	18.40	15.20	17.50
Provident Energy	0.80	0.66	3.1483	0.1154	4.90	2.10	6.90	7.30	5.30	13.50
Papa Johns Intl	0.90	0.80	3.2599	0.1195	23.00	28.00	25.70	32.00	39.30	20.00
Ryder System	1.15	1.16	3.4640	0.1270	10.10	12.70	14.80	14.30	13.50	12.50
Ralcorp Holdings	0.75	0.58	3.4856	0.1278	13.00	15.00	13.80	15.40	18.00	9.50
Reynolds American	0.85	0.73	2.9350	0.1076	4.30	10.20	15.00	16.10	18.10	17.50
Ruddick Corp.	0.90	0.79	3.2068	0.1175	12.10	11.80	11.30	10.80	11.00	11.50
Regis Corp.	1.15	1.15	3.0321	0.1111	15.40	15.30	13.80	11.40	10.40	9.50
Robert Half Intl	1.15	1.21	3.5803	0.1312	0.80	15.40	24.50	27.20	30.10	28.50
RIJ Corp.	0.90	0.83	2.7905	0.1023	10.60	10.30	14.00	14.50	21.50	11.00
ResMed Inc.	0.80	0.63	3.5712	0.1309	16.00	15.80	13.70	12.50	11.60	11.50
Rollins, Inc.	0.90	0.80	3.2344	0.1185	25.80	26.10	29.80	27.30	27.70	26.00
Starbucks Corp.	1.05	1.03	3.1909	0.1170	12.90	15.80	23.70	26.10	29.40	25.00
Scholastic Corp.	0.95	0.88	3.3149	0.1215	7.80	7.10	6.90	6.50	5.20	7.00
Service Corp. Intl	1.05	1.01	3.2996	0.1209	5.60	6.10	6.10	7.70	9.60	13.50
Sealed Air	0.95	0.90	2.9609	0.1085	21.40	16.20	16.40	17.10	15.80	12.00

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	Adj. Beta	Unadj. Beta	Error of the Regression	Standard Deviation of Beta	2003	2004	2005	2006	2007	5-Year Projected (3)
					%	%	%	%	%	%
Smithfield Foods	0.85	0.76	3.5594	0.1305	10.10	15.70	9.40	8.40	4.60	9.00
Schulman (A.)	0.90	0.83	3.4308	0.1257	4.20	6.40	6.60	8.10	5.30	7.50
Sherwin-Williams	1.05	1.02	2.9068	0.1065	22.80	23.90	26.80	28.90	34.50	23.00
Selective Ins. Group	1.00	0.93	3.1490	0.1154	7.70	12.80	14.00	13.00	11.60	11.00
Schlumberger Ltd.	1.10	1.13	3.5744	0.1310	15.50	20.20	26.60	36.00	34.60	19.50
Silgan Holdings	1.10	1.14	3.0715	0.1126	48.50	40.10	34.60	29.80	25.30	17.50
Snap-on Inc.	1.00	0.94	2.9078	0.1066	7.80	7.40	9.90	11.20	14.80	15.00
Simon Property Group	1.15	1.18	2.7962	0.1025	10.10	5.70	6.30	10.60	11.30	21.00
Staples, Inc.	1.10	1.14	3.0354	0.1113	15.10	17.20	18.60	18.90	17.40	15.00
STERICYCLE INC.	0.85	0.71	3.4170	0.1252	15.30	15.80	17.80	17.40	16.00	15.00
STERIS Corp.	0.80	0.64	3.3951	0.1244	13.80	11.40	8.80	11.40	12.80	16.00
Constellation Brands	0.85	0.70	3.4379	0.1260	11.20	11.30	12.80	11.80	8.00	10.00
SUPERVALU INC.	0.75	0.59	3.4176	0.1253	13.10	13.30	12.30	8.50	10.00	9.00
Safeway Inc.	0.80	0.62	3.0988	0.1136	22.00	13.00	12.80	13.70	13.30	14.50
Sensient Techn.	0.95	0.88	2.8249	0.1035	11.10	13.50	14.40	10.50	7.50	11.00
Sybase Inc.	0.90	0.84	3.2643	0.1196	10.50	8.70	12.20	10.30	13.10	11.50
Stryker Corp.	0.80	0.69	2.9021	0.1064	21.00	21.30	22.10	19.60	16.60	22.50
Tech Data	0.95	0.88	2.9574	0.1084	6.40	7.80	6.70	4.20	7.10	7.50
Technic Corp.	0.95	0.86	2.7642	0.1013	19.20	18.30	24.70	21.60	19.40	21.50
Teva Pharm. (ADR)	0.70	0.54	3.3353	0.1222	16.80	17.90	17.70	16.80	14.20	14.00
Teleflex Inc.	1.05	1.01	2.8047	0.1028	10.30	11.10	13.10	12.80	11.50	14.50
Target Corp.	1.00	0.93	2.9994	0.1099	16.80	14.50	17.00	17.80	16.60	17.50
Hanover Insurance	1.15	1.18	2.8959	0.1061	4.50	6.00	3.60	9.70	10.20	9.00
TJX Companies	0.85	0.75	2.9889	0.1096	42.40	41.30	33.50	33.60	41.90	45.50
Total System Svcs.	1.05	1.03	3.5042	0.1284	19.20	17.40	19.20	20.50	30.70	17.50
Texas Instruments	1.00	0.99	3.4685	0.1271	7.10	14.20	16.60	23.20	26.50	15.50
UnitedHealth Group	0.80	0.69	3.5983	0.1319	35.60	24.10	18.60	20.00	23.20	19.00
Unum Group	1.15	1.18	2.9821	0.1093	4.40	7.50	7.00	7.80	9.70	10.50
U.S. Bancorp	1.10	1.11	2.7770	0.1018	19.30	21.30	22.30	22.40	20.50	19.00
United Stationers	1.05	1.01	3.3845	0.1241	12.30	13.40	12.70	12.90	18.90	14.50
Universal Corp.	0.90	0.82	3.3719	0.1236	16.30	13.50	5.60	10.60	11.50	12.50
Varian Inc.	1.05	1.06	3.5386	0.1297	11.70	11.70	9.30	9.10	10.30	13.00
Vlad Corp.	1.00	0.99	3.5564	0.1412	13.20	6.70	9.20	8.90	7.90	8.50
WD-40 Co.	0.90	0.84	3.3154	0.1215	27.90	22.80	21.60	18.20	16.80	19.50
Werner Enterprises	1.05	1.06	3.5119	0.1287	10.40	11.30	11.40	11.30	9.50	12.50
Washington Federal	1.10	1.13	3.0836	0.1130	13.80	11.80	12.30	11.30	10.20	13.60
Whirlpool Corp.	1.15	1.16	3.5423	0.1298	31.80	25.30	24.20	14.60	16.50	13.50
Williams Cos.	1.10	1.13	3.4151	0.1252	0.30	5.30	7.90	8.60	13.70	16.00
W.P. Carey & Co. LLC	0.85	0.72	2.7866	0.1021	10.50	11.20	7.10	13.90	14.20	15.00
Watson Pharm. (W.R.)	0.85	0.70	3.3831	0.1240	10.00	9.10	7.30	6.70	8.20	10.50
Berkley (W.R.)	1.00	1.00	2.8329	0.1038	17.00	19.50	20.70	20.80	20.60	17.00
Washington R.E.I.T.	1.05	1.06	2.7689	0.1015	11.80	11.20	10.60	8.10	6.60	9.50
Weingarten Realty	1.05	1.07	2.7865	0.1021	13.40	13.40	13.00	13.50	10.30	11.50
World Wrestling Ent.	0.80	0.67	3.2896	0.1206	14.00	10.10	11.90	8.20	13.60	27.50
Xerox Corp.	1.05	1.01	2.8017	0.1027	11.50	11.00	12.90	14.80	13.20	13.00
Zebra Techn. A	1.05	1.04	3.4401	0.1261	14.10	15.10	13.10	13.00	12.00	13.00
Zimmer Holdings	0.85	0.71	3.2947	0.1208	9.30	15.20	16.50	17.00	16.30	14.00
<b>Average</b>	<b>0.99</b>	<b>0.95</b>	<b>3.1629</b>	<b>0.1167</b>						
<b>Average for the Proxy Group of Seven AUS Utility Reports Water Companies</b>	<b>0.94</b>	<b>0.88</b>	<b>3.1822</b>	<b>0.1166</b>						

See page 13 for notes

Water Service Corporation of Kentucky  
 Comparable Earnings Analysis  
 for a Proxy Group of Thirty-Five Non-Utility Companies Comparable to the  
Proxy Group of Ten AUS Utility Reports Natural Gas Distribution Companies (9)

Proxy Group of Thirty-Five Non-Utility Companies Comparable to the Proxy Group of Ten AUS Utility Reports Natural Gas Distribution Companies (9)	Adj Beta	Unadj Beta	Standard Error of the Regression	Standard Deviation of Beta	5-Year Projected Return on Book Common Equity, Net Worth or Partners' Capital(3)
Automatic Data Proc.	0.75	0.61	2.1959	0.0805	16.0 %
Aflac Inc.	0.80	0.63	2.2551	0.0827	21.0
Allstate Corp.	0.90	0.84	2.1023	0.0771	15.5
Bard (C.R.)	0.65	0.45	2.2685	0.0831	23.5
Buckeye Partners L.P.	0.75	0.56	2.2149	0.0812	15.0
Commerce Bancshs.	0.95	0.85	1.8554	0.0680	12.0
Campbell Soup	0.80	0.62	1.9161	0.0702	30.0
Chevron Corp.	0.90	0.84	2.1261	0.0779	21.5
Ecolab Inc.	0.90	0.79	1.9264	0.0706	19.5
Erie Indemnity Co.	0.70	0.48	1.8643	0.0683	22.0
Genl Dynamics	0.85	0.76	2.1002	0.0770	17.0
Genl Electric	0.85	0.76	2.1091	0.0773	16.0
Hormel Foods	0.70	0.54	2.2832	0.0837	16.0
Intl Flavors & Frag.	0.85	0.76	2.0680	0.0758	25.5
Kraft Foods	0.75	0.57	2.0898	0.0766	10.5
Kinder Morgan Energy	0.65	0.46	2.0568	0.0754	29.0
Lockheed Martin	0.80	0.64	2.1260	0.0779	30.0
Mercury General	0.90	0.82	2.2101	0.0810	12.5
3M Company	0.90	0.79	2.1897	0.0803	28.5
Northrop Grumman	0.80	0.63	1.9205	0.0704	12.5
Plains All Amer. Pipe.	0.75	0.59	2.2560	0.0827	10.0
Pitney Bowes	0.80	0.69	1.9318	0.0708	78.0
PartnerRe Ltd.	0.80	0.64	1.9580	0.0718	11.0
Everest Re Group Ltd.	0.95	0.85	2.2849	0.0837	13.0
Republic Services	0.85	0.74	2.0803	0.0763	25.0
Raytheon Co.	0.85	0.76	1.9244	0.0705	14.5
Sigma-Aldrich	0.85	0.70	2.0365	0.0746	19.5
Sara Lee Corp.	0.80	0.64	2.1562	0.0790	25.0
TEPPCO Partners L.P.	0.70	0.54	2.2388	0.0821	17.5
TransCanada Corp.	0.80	0.62	2.2706	0.0832	15.5
United Parcel Serv.	0.85	0.70	2.1869	0.0802	32.0
Waste Connections	0.85	0.71	2.1854	0.0801	11.0
Waste Management	0.90	0.83	2.0041	0.0735	20.0
Washington Post	0.75	0.61	2.1074	0.0772	7.5
Alleghany Corp.	0.70	0.54	2.2261	0.0816	6.0
Average	<u>0.81</u>	<u>0.67</u>	<u>2.1064</u>	<u>0.0772</u>	
Natural Gas Distribution Companies	<u>0.79</u>	<u>0.64</u>	<u>2.0207</u>	<u>0.0741</u>	

See page 13 for notes.

Water Service Corporation of Kentucky  
Comparable Earnings Analysis

Notes:

(P) = Preliminary

- (1) The criteria for selection of the proxy group of two hundred non-utility companies was that the non-utility companies be domestic and have a meaningful rate of return on book common equity, shareholders' equity, net worth, or partners' capital for each of the five years ended 2007 and projected 2011- 2013 as reported in Value Line Investment Survey (Standard Edition). The proxy group of two hundred non-utility companies was selected based upon the proxy group of six AUS Utility Reports water companies' unadjusted beta range of 0.53 – 1.23 and standard error of the regression range of 2.7627 – 3.6017. These ranges are based upon plus or minus three standard deviations of the unadjusted beta and standard error of the regression as detailed in Ms. Ahern's direct testimony. Plus or minus three standard deviations captures 99.73% of the distribution of unadjusted betas and standard errors of the regression.
- (2) Ending 2007.
- (3) 2011 - 2013.
- (4) The Student's T-statistic associated with these returns exceeds 1.96 at the 95% level of confidence. Therefore, they have been excluded, as outliers, to arrive at proper mean historical and projected returns as fully explained in Ms. Ahern's testimony.
- (5) The standard deviation of group of six AUS Utility Reports water companies' standard error of the regression is 0.1426. The standard deviation of the standard error of the regression is calculated as follows:

$$\text{Standard Deviation of the Std. Err. of the Regr.} = \frac{\text{Standard Error of the Regression}}{\sqrt{2N}}$$

where: N = number of observations. Since Value Line betas are derived from weekly price change observations over a period of five years, N = 259

$$\text{Thus, } 0.1398 = \frac{3.1822}{\sqrt{518}} = \frac{3.1822}{22.7596}$$

- (6) Median five year projected rate of return on book common equity, shareholder's equity, net worth, or partners' capital including returns identified as outliers as outlined in Note (4) above
- (7) Median five year historical and projected rate of return on book common equity, shareholder's equity, net worth, or partner's capital excluding returns identified as outliers as outlined in Note (4) above.
- (8) Median of the five year historical and five year projected return on book common equity, shareholder's equity, net worth or partner's capital excluding returns identified as outliers as outlined on Note (4) above.
- (9) The criteria for selection of the proxy group of thirty-five non-utility companies was that the non-utility companies be domestic and have a meaningful projected rate of return on book common equity, shareholders' equity, net worth, or partners' capital 2011 - 2013 as reported in Value Line Investment Survey (Standard Edition). The proxy group of forty-eight non-utility companies was selected based upon the proxy group of ten AUS Utility Reports natural gas distribution companies' unadjusted beta range of 0.41 – 0.86 and standard error of the regression range of 1.7543 – 2.2871. These ranges are based upon plus or minus three standard deviations of the unadjusted beta and standard error of the regression as detailed in Ms. Ahern's direct testimony. Plus or minus three standard deviations captures 99.73% of the distribution of unadjusted betas and standard errors of the regression.
- (10) The standard deviation of the proxy group of ten AUS Utility Reports natural gas distribution companies' standard error of the regression is 0.0888 (2.0207 / 22.7596).

Source of Information: Value Line, Inc., September 15, 2008  
Value Line Investment Survey (Standard Edition)





**Case No. 2008-00563**  
**Exhibit 6**

MIDDLESBORO

		Gallage	Units	Revenue	Total Water Revenue	Revenue per T/B	Difference
16001	170 5/8" residential city w/ school tax	77,519,923	17,328	\$ 203,404	\$ 203,404	\$ -	\$ 203,404
16001	171 5/8" residential city w/ school tax	61,042,000	13,893	222,343	222,343	-	222,343
16001	172 5/8" residential city w/ school tax	46,876,500	11,187	173,118	173,118	-	173,118
16001	173 5/8" residential city w/ school tax	38,897,270	9,839	145,724	145,724	-	145,724
16001	170 5/8" commercial city w/ school tax and KY state sales tax	11,071,289	2,415	32,102	32,102	-	32,102
16001	171 5/8" commercial city w/ school tax and KY state sales tax	4,546,900	856	15,730	15,730	-	15,730
16001	172 5/8" commercial city w/ school tax and KY state sales tax	5,544,400	1,084	19,340	19,340	-	19,340
16011	173 5/8" commercial city w/ school tax and KY state sales tax	4,402,600	1,460	18,305	18,305	-	18,305
16012	171 3/4" commercial city w/ school tax and KY state sales tax	43,200	11	424	-	-	158
16031	170 5/8" residential county w/ school tax	4,597,200	823	15,363	15,363	-	15,363
16031	171 5/8" residential county w/ school tax	1,549,000	300	5,431	-	-	5,431
16031	172 5/8" residential county w/ school tax	12,254,800	2,453	42,570	42,570	-	42,570
16031	173 5/8" residential county w/ school tax	16,377,800	4,051	61,041	61,041	-	61,041
16041	171 5/8" commercial county w/ school tax and KY state sales tax	2,400	11	74	74	-	74
16041	172 5/8" commercial county w/ school tax and KY state sales tax	77,400	8	239	-	-	239
16041	173 5/8" commercial county w/ school tax and KY state sales tax	-	231	1,557	-	-	1,557
16071	170 5/8" industrial city w/ school tax and KY state sales tax	371,000	61	980	980	-	980
16071	171 5/8" industrial city w/ school tax and KY state sales tax	545,200	11	1,373	-	-	1,373
16071	173 5/8" industrial city w/ school tax and KY state sales tax	58,600	11	204	-	-	204
16081	170 5/8" commercial city w/ school tax	1,082,400	242	3,615	3,615	-	3,615
16081	171 5/8" commercial city w/ school tax	579,400	132	2,124	-	-	2,124
16081	172 5/8" commercial city w/ school tax	63,800	66	514	-	-	514
16081	173 5/8" commercial city w/ school tax	198,800	89	912	-	-	912
16091	170 5/8" government city w/ school tax	135,200	55	653	-	-	653
16091	171 5/8" government city w/ school tax	1,600,800	33	3,702	-	-	3,702
16091	172 5/8" government city w/ school tax	54,200	25	280	-	-	280
16091	173 5/8" government city w/ school tax	68,800	22	276	-	-	276
		<u>289,560,882</u>	<u>66,697</u>	<u>\$ 971,398</u>	<u>\$ 971,132</u>	<u>\$ -</u>	<u>\$ 971,132</u>

Rates per 1,000 gallons (minimum 1,000)

First 1,000	\$ 6.74
Next 9,000	2.71
Next 15,000	2.47
Next 25,000	2.35
Next 50,000	2.10
Over 100,000	1.92

16003	170 1" residential city w/ school tax	617,960	122	\$ 2,883	\$ 2,883	\$ -	\$ 2,883
16003	171 1" residential city w/ school tax	832,600	85	3,770	-	-	3,770
16003	172 1" residential city w/ school tax	380,200	44	765	-	-	765
16013	170 1" commercial city w/ school tax and KY state sales tax	6,849,189	361	17,012	17,012	-	17,012
16013	171 1" commercial city w/ school tax and KY state sales tax	428,400	55	1,741	-	-	1,741
16013	172 1" commercial city w/ school tax and KY state sales tax	7,181,600	253	21,546	21,546	-	21,546
16013	173 1" commercial city w/ school tax and KY state sales tax	240,000	33	896	-	-	896
16033	170 1" residential county w/ school tax	154,800	22	568	-	-	568
16043	170 1" commercial county w/ school tax and KY state sales tax	183,600	11	659	-	-	659
16073	170 1" industrial city w/ school tax and KY state sales tax	51,600	12	229	-	-	229
16082	170 1" commercial city w/ school tax	448,400	33	1,624	-	-	1,624
16082	171 1" commercial city w/ school tax	549,600	11	1,523	-	-	1,523
16082	172 1" commercial city w/ school tax	9,800	11	223	-	-	223
16082	173 1" commercial city w/ school tax	9,000	11	359	-	-	359
16092	170 1" government city w/ school tax	413,200	36	1,407	-	-	1,407
		<u>18,158,949</u>	<u>1,100</u>	<u>\$ 55,205</u>	<u>\$ 55,205</u>	<u>\$ -</u>	<u>\$ 55,205</u>

Rates per 1,000 gallons (minimum 6,000)

First 6,000	\$ 20.29
Next 4,000	2.71
Next 15,000	2.47
Next 25,000	2.35
Next 50,000	2.10
Over 100,000	1.92

16012	170 1 1/2" commercial city w/ school tax and KY state sales tax	2,957,800	69	\$ 6,217	\$ 6,217	\$ -	\$ 6,217
16012	171 1 1/2" commercial city w/ school tax and KY state sales tax	938,800	33	2,864	-	-	2,864
16015	172 1 1/2" commercial city w/ school tax and KY state sales tax	2,459,200	44	4,868	-	-	4,868
16015	173 1 1/2" commercial city w/ school tax and KY state sales tax	1,901,000	44	5,028	-	-	5,028
16045	173 1 1/2" commercial county w/ school tax and KY state sales tax	60,800	11	424	-	-	424
16075	170 1 1/2" industrial city w/ school tax and KY state sales tax	732,000	13	1,506	-	-	1,506
16075	171 1 1/2" industrial city w/ school tax and KY state sales tax	966,400	11	2,221	-	-	2,221
16093	170 1 1/2" government city w/ school tax	2,562,800	25	5,492	-	-	5,492
16093	172 1 1/2" government city w/ school tax	450,000	22	1,582	-	-	1,582
16093	173 1 1/2" government city w/ school tax	8,000	11	424	-	-	424
		<u>13,026,800</u>	<u>283</u>	<u>\$ 30,626</u>	<u>\$ 30,626</u>	<u>\$ -</u>	<u>\$ 30,626</u>

Rates per 1,000 gallons (minimum 13,000)

First 13,000	\$ 38.54
Next 2,000	2.47
Next 25,000	2.35
Next 50,000	2.10
Over 100,000	1.92

16016	170 2" commercial city w/ school tax and KY state sales tax	6,626,600	104	\$ 11,649	\$ 11,649	\$ -	\$ 11,649
16016	171 2" commercial city w/ school tax and KY state sales tax	1,026,400	33	3,114	-	-	3,114
16016	172 2" commercial city w/ school tax and KY state sales tax	6,587,000	99	16,096	-	-	16,096
16016	173 2" commercial city w/ school tax and KY state sales tax	4,417,800	55	10,157	-	-	10,157
16076	170 2" industrial city w/ school tax and KY state sales tax	288,000	27	1,304	-	-	1,304
16076	171 2" industrial city w/ school tax and KY state sales tax	211,000	11	839	-	-	839
16083	171 2" commercial city w/ school tax	129,200	11	652	-	-	652
16083	172 2" commercial city w/ school tax	8,235,400	33	17,041	-	-	17,041
16094	170 2" government city w/ school tax	2,858,051	79	6,012	-	-	6,012
16094	171 2" government city w/ school tax	247,800	33	1,979	-	-	1,979
16094	172 2" government city w/ school tax	5,078,600	33	17,585	-	-	17,585
16094	173 2" government city w/ school tax	3,205,800	55	8,244	-	-	8,244
		<u>39,011,851</u>	<u>573</u>	<u>\$ 94,672</u>	<u>\$ 94,672</u>	<u>\$ -</u>	<u>\$ 94,672</u>

Rates per 1,000 gallons (minimum 21,400)

First 21,400	\$ 59.29
Next 3,600	2.47
Next 25,000	2.35
Next 50,000	2.10
Over 100,000	1.92



16017	170 3" commercial city w/ school tax and KY state sales tax	344,200	15	\$ 1,821	\$ 1,821	\$ -	\$ 1,821
16017	172 3" commercial city w/ school tax and KY state sales tax	3,047,400	22	6,881	6,881	-	6,881
16077	171 3" industrial city w/ school tax and KY state sales tax	11,231,400	11	30,132	30,132	-	30,132
16095	172 3" government city w/ school tax	4,440,600	53	13,930	13,930	-	13,930
		<u>19,063,600</u>	<u>101</u>	<u>\$ 52,764</u>	<u>\$ 52,764</u>	<u>\$ -</u>	<u>\$ 52,764</u>

Rates per 1,000 gallons (minimum 68.400):

First 68.400	\$ 165.57
Next 31.600	2.10
Over 100.000	1.92

172 4" commercial city w/ school tax and KY state sales tax	1,662,000	12	\$ 3,695	\$ 3,695	\$ -	\$ 3,695
170 4" industrial city w/ school tax and KY state sales tax	1,464,200	11	3,603	3,603	-	3,603
170 4" government city w/ school tax	304,600	11	3,132	3,132	-	3,132
	<u>3,430,800</u>	<u>34</u>	<u>\$ 10,430</u>	<u>\$ 10,430</u>	<u>\$ -</u>	<u>\$ 10,430</u>

Rates per 1,000 gallons (minimum 127.500):

First 127.500	\$ 284.73
Over 127.500	1.92

16019	170 6" commercial city w/ school tax and KY state sales tax	2,219,000	22	\$ 12,769	\$ 12,769	\$ -	\$ 12,769
16079	171 6" industrial city w/ school tax and KY state sales tax	25,694,200	11	15,212	15,212	-	15,212
		<u>27,913,200</u>	<u>33</u>	<u>\$ 27,981</u>	<u>\$ 27,981</u>	<u>\$ -</u>	<u>\$ 27,981</u>

Rates per 1,000 gallons (minimum 281.500):

First 281.500	\$ 580.41
Over 281.500	1.92

16010	171 Industrial city special w/ school tax and KY state sales tax	\$ 118.58	-	14	\$ 1,304	\$ 1,304	\$ -	\$ 1,304
16037	170 Commercial city sprinkler	\$ 15.00	-	122	\$ 1,485	\$ 1,485	\$ -	\$ 1,485
16037	171 Commercial city sprinkler	\$ 15.00	-	22	\$ 330	\$ 330	\$ -	\$ 330
16037	172 Commercial city sprinkler	\$ 15.00	-	88	\$ 1,320	\$ 1,320	\$ -	\$ 1,320
16037	173 Commercial city sprinkler	\$ 15.00	-	33	\$ 495	\$ 495	\$ -	\$ 495
16039	170 Industrial city sprinkler	\$ 15.00	-	27	\$ 330	\$ 330	\$ -	\$ 330
16039	171 Industrial city sprinkler	\$ 15.00	-	11	\$ 165.00	\$ 165.00	\$ -	\$ 165.00
16040	171 Commercial city special	\$ 30.00	-	22	\$ 660.00	\$ 660.00	\$ -	\$ 660.00
16040	173 Commercial city special	\$ 30.00	-	11	\$ 330.00	\$ 330.00	\$ -	\$ 330.00
16050	173 Commercial county special	\$ 45.00	-	11	\$ 495.00	\$ 495.00	\$ -	\$ 495.00
16055	173 Commercial county special	\$ 315.00	-	11	\$ 3,465.00	\$ 3,465.00	\$ -	\$ 3,465.00
16056	171 Government city special	\$ 30.00	-	11	\$ 330	\$ 330	\$ -	\$ 330
16056	173 Government city special	\$ 30.00	-	11	\$ 330	\$ 330	\$ -	\$ 330
16058	172 Government city special	\$ 105.00	-	11	\$ 1,155	\$ 1,155	\$ -	\$ 1,155
16060	173 Commercial city special	\$ 45.00	-	11	\$ 495.00	\$ 495.00	\$ -	\$ 495.00
16070	172 Commercial city special	\$ 60.00	-	11	\$ 660.00	\$ 660.00	\$ -	\$ 660.00
16088	170 Industrial city special	\$ 60.00	-	11	\$ 660.00	\$ 660.00	\$ -	\$ 660.00
16089	171 Industrial city special	\$ 75.00	-	11	\$ 825.00	\$ 825.00	\$ -	\$ 825.00
16098	Government city hydrant	\$ 3.33	-	11	\$ 10.076	\$ 10.076	\$ -	\$ 10.076
	June CCB Consumption per JDE:				\$ 164.758	\$ 164.758	\$ -	\$ 164.758

CLINTON

16204	5/8" commercial w/ school tax and KY state sales tax	55,500	33	\$ 372	\$ 372	\$ -	372
16205	5/8" residential w/ school tax	913,674	254	5,280.00	5,280.00	-	5,280
16206	5/8" public authority w/ school tax	17,200	24	204.00	204.00	-	204
16214	3/4" commercial w/ school tax and KY state sales tax	1,708,174	530	9,856.00	9,856.00	-	9,856
16234	3/4" commercial out of city w/ school tax and KY state sales tax	108,700	29	711.00	711.00	-	711
16235	3/4" residential w/ school tax	20,145,508	5,326	110,337.00	110,337.00	-	110,337
16236	3/4" public authority out of city w/ school tax	14,100	12	54.00	54.00	-	54
16242	3/4" commercial w/ school tax	311,000	129	2,397.00	2,397.00	-	2,397
16246	3/4" public authority w/ school tax	176,700	55	1,138.00	1,138.00	-	1,138
16263	3/4" residential w/ school tax and KY state sales tax	11,800	8	93.00	93.00	-	93
	3/4" residential out of city w/ school tax	1,853,300	433	11,118.00	11,118.00	-	11,118
	3/4" multi commercial w/ school tax	6,700	6	54.00	54.00	-	54
	3/4" Multi Com Wtr	9,900	6	45.00	45.00	-	45
	3/4" Multi Com Wtr	93,700	25	573.00	573.00	-	573
16247	5/8" multi commercial w/ school tax and KY state sales tax	-	-	-	-	-	-
16290	3/4" Pub Auth Wtr Out City	200	5	45.00	45.00	-	45
16293	3/4" Wtr Com Out City	23,300	20	242.00	242.00	-	242
16294	3/4" Com Wtr	111,100	24	680.00	680.00	-	680
16295	3/4" Res Wtr	423,700	110	2,582.00	2,582.00	-	2,582
16296	3/4" Rest Wtr Out City - Sch	94,600	25	563.00	563.00	-	563
16297	3/4" multi commercial w/ school and KY state sales tax	119,700	30	730.00	730.00	-	730
		<u>26,197,656</u>	<u>7,083</u>	<u>\$ 147,074</u>	<u>\$ 147,074</u>	<u>\$ -</u>	<u>\$ 147,074</u>

Rates per 1,000 gallons (minimum 1,000)

First 1,000	\$ 9.02
Next 9,000	5.11
Next 15,000	4.69
Next 25,000	4.27
Next 50,000	3.79
Over 100,000	3.31

16208	1" public authority w/ school tax	407,700	36	\$ 2,019	\$ 2,019	\$ -	\$ 2,019
16230	1" commercial out of city w/ school tax and KY state sales tax	190,500	6	910	910	-	910
16244	1" commercial w/ school tax and KY state sales tax	178,100	25	710	710	-	710
16247	1" multi residential w/ school tax and KY state sales tax	665,200	42	3,434	3,434	-	3,434
16279	1" Multi Wtr - Sch & KY	723,500	42	3,162.00	3,162.00	-	3,162
16292	1" Wtr Com Out City	129,300	5	613.00	613.00	-	613
		<u>2,294,300</u>	<u>156</u>	<u>\$ 10,848</u>	<u>\$ 10,848</u>	<u>\$ -</u>	<u>\$ 10,848</u>

Rates per 1,000 gallons (minimum 5,300)

First 5,300	\$ 30.99
Next 3,700	5.11
Next 15,000	4.69
Next 25,000	4.27
Next 50,000	3.79
Over 100,000	3.31

16238	1 1/2" public authority w/ school tax	1,336,700	24	\$ 5,520	\$ 5,520	\$ -	\$ 5,520
16252	1 1/2" industrial city w/ school tax and KY state sales tax	-	-	-	-	-	-
16254	1 1/2" commercial w/ school tax and KY state sales tax	1,334,000	24	5,371	5,371	-	5,371
		<u>2,670,700</u>	<u>48</u>	<u>\$ 10,891</u>	<u>\$ 10,891</u>	<u>\$ -</u>	<u>\$ 10,891</u>

Rates per 1,000 gallons (minimum 11,200)

First 11,200	\$ 60.64
Next 13,800	4.69
Next 25,000	4.27
Next 50,000	3.79
Over 100,000	3.31

16248	2" public authority w/ school tax	3,855,800	62	\$ 15,990	\$ 15,990	\$ -	\$ 15,990
16257	2" multi residential w/ school tax and KY state sales tax	264,900	6	1,243	1,243	-	1,243
16262	2" industrial w/ school tax and KY state sales tax	-	-	-	-	-	-
16264	2" commercial w/ school tax and KY state sales tax	2,484,500	19	9,254	9,254	-	9,254
16278	2" Multi Wtr - Sch & KY	281,300	6	1,106.00	1,106.00	-	1,106
16291	2" Pub Auth Wtr - Sch	17,000	5	453.00	453.00	-	453
		<u>6,904,400</u>	<u>98</u>	<u>\$ 26,487</u>	<u>\$ 26,487</u>	<u>\$ -</u>	<u>\$ 26,487</u>

Rates per 1,000 gallons (minimum 17,600)

First 17,600	\$ 90.65
Next 7,400	4.69
Next 25,000	4.27
Next 50,000	3.79
Over 100,000	3.31

16280	6" commercial w/ school tax and KY state sales tax	-	-	\$ -	\$ -	\$ -	\$ -
		<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Rates per 1,000 gallons (minimum 250,500)

Over 250,500	\$ 919.77
	3.31

16285	Hydrant - private	\$ 15.00	-	\$ 330	\$ 330	\$ -	\$ 330
16286	5/8" sprinkler - private	\$ 15.00	-	\$ 990	\$ 990	\$ -	\$ 990
16299	Hydrant - municipal	\$ 3.33	-	\$ 1,980	\$ 1,980	\$ -	\$ 1,980

Total Water Service Corporation of Kentucky Present Revenues	<u>448,242,938</u>	<u>76,765</u>	<u>\$1,631,345</u>	<u>\$1,631,079</u>	<u>\$ 1,630,349</u>	<u>\$ 730</u>	<u>0.04%</u>
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5/8" - 3/4"		
First 1,000	\$	10.16
Next 9,000	\$	4.09
Next 15,000	\$	3.72
Next 25,000	\$	3.54
Next 50,000	\$	3.17
Over 100,000	\$	2.90

		Gallons	Usage Charge	Units	BFC	Revenues
16001	170 5/8" residential city w/ school tax	77,519,923	\$ 2.90	17,328	\$ 10.16	\$ 306,733
16001	171 5/8" residential city w/ school tax	61,042,800	2.90	13,903	10.16	335,293
16001	172 5/8" residential city w/ school tax	46,876,500	2.90	11,187	10.16	261,062
16001	173 5/8" residential city w/ school tax	38,897,270	2.90	9,839	10.16	219,752
16011	170 5/8" commercial city w/ school tax and KY state sales tax	11,071,289	2.90	2,415	10.16	48,410
16011	171 5/8" commercial city w/ school tax and KY state sales tax	4,546,900	2.90	856	10.16	23,721
16011	172 5/8" commercial city w/ school tax and KY state sales tax	5,544,400	2.90	1,084	10.16	29,165
16011	173 5/8" commercial city w/ school tax and KY state sales tax	4,402,600	2.90	1,460	10.16	27,604
16012	171 3/4" commercial city w/ school tax and KY state sales tax	43,200	2.90	11	10.16	238
16031	170 5/8" residential county w/ school tax	4,597,200	2.90	823	10.16	23,168
16031	171 5/8" residential county w/ school tax	1,549,000	2.90	300	10.16	8,189
16031	172 5/8" residential county w/ school tax	12,254,800	2.90	2,453	10.16	64,195
16031	173 5/8" residential county w/ school tax	16,377,800	2.90	4,051	10.16	92,049
16041	171 5/8" commercial county w/ school tax and KY state sales tax	2,400	2.90	11	10.16	112
16041	172 5/8" commercial county w/ school tax and KY state sales tax	77,400	2.90	8	10.16	360
16041	173 5/8" commercial county w/ school tax and KY state sales tax	-	2.90	231	10.16	2,348
16071	170 5/8" industrial city w/ school tax and KY state sales tax	371,000	2.90	61	10.16	1,477
16071	171 5/8" industrial city w/ school tax and KY state sales tax	545,200	2.90	11	10.16	2,071
16071	173 5/8" industrial city w/ school tax and KY state sales tax	58,600	2.90	11	10.16	308
16081	170 5/8" commercial city w/ school tax	1,082,400	2.90	242	10.16	5,451
16081	171 5/8" commercial city w/ school tax	579,400	2.90	132	10.16	3,202
16081	172 5/8" commercial city w/ school tax	63,800	2.90	66	10.16	776
16091	173 5/8" commercial city w/ school tax and KY state sales tax	196,800	2.90	89	10.16	1,276
16091	170 5/8" government city w/ school tax	135,200	2.90	55	10.16	985
16091	171 5/8" government city w/ school tax	1,600,800	2.90	33	10.16	5,583
16091	172 5/8" government city w/ school tax	54,200	2.90	25	10.16	422
16091	173 5/8" government city w/ school tax	68,800	2.90	22	10.16	416
		<u>289,560,882</u>		<u>66,697</u>		<u>1,464,465</u>

1"		
First 6,000	\$	30.60
Next 4,000		4.09
Next 15,000		3.72
Next 25,000		3.54
Next 50,000		3.17
Over 100,000		2.90

16003	170 1" residential city w/ school tax	617,960	\$ 2.90	122	\$ 30.60	\$ 4,347
16003	171 1" residential city w/ school tax	832,600	2.90	85	30.60	5,685
16003	172 1" residential city w/ school tax	380,200	2.90	44	30.60	1,154
16013	170 1" commercial city w/ school tax and KY state sales tax	6,649,189	2.90	361	30.60	25,654
16013	171 1" commercial city w/ school tax and KY state sales tax	426,400	2.90	55	30.60	2,826
16013	172 1" commercial city w/ school tax and KY state sales tax	7,181,600	2.90	253	30.60	32,492
16013	173 1" commercial city w/ school tax and KY state sales tax	249,000	2.90	33	30.60	1,350
16033	170 1" residential county w/ school tax	154,800	2.90	22	30.60	857
16043	170 1" commercial county w/ school tax and KY state sales tax	183,600	2.90	11	30.60	993
16073	170 1" industrial city w/ school tax and KY state sales tax	51,600	2.90	12	30.60	345
16082	170 1" commercial city w/ school tax	448,400	2.90	33	30.60	2,449
16082	171 1" commercial city w/ school tax	549,600	2.90	11	30.60	2,296
16082	172 1" commercial city w/ school tax	9,800	2.90	11	30.60	337
16082	173 1" commercial city w/ school tax	9,000	2.90	11	30.60	541
	170 1" government city w/ school tax	413,200	2.90	36	30.60	2,122
		<u>18,158,740</u>		<u>1,100</u>		<u>\$ 83,248</u>

1 1/2"		
First 13,000	\$	58.12
Next 12,000		3.72
Next 25,000		3.54
Next 50,000		3.17
Over 100,000		2.90

16015	170 1 1/2" commercial city w/ school tax and KY state sales tax	2,957,800	\$ 2.90	69	\$ 58.12	\$ 9,375
16015	171 1 1/2" commercial city w/ school tax and KY state sales tax	938,800	2.90	33	58.12	4,320
16015	172 1 1/2" commercial city w/ school tax and KY state sales tax	2,459,200	2.90	44	58.12	7,340
16015	173 1 1/2" commercial city w/ school tax and KY state sales tax	1,901,000	2.90	44	58.12	7,582
16045	173 1 1/2" commercial county w/ school tax and KY state sales tax	60,800	2.90	11	58.12	639
16075	170 1 1/2" industrial city w/ school tax and KY state sales tax	732,000	2.90	13	58.12	2,271
16075	171 1 1/2" industrial city w/ school tax and KY state sales tax	966,400	2.90	11	58.12	3,350
16093	170 1 1/2" government city w/ school tax	2,562,800	2.90	25	58.12	8,282
16093	172 1 1/2" government city w/ school tax	450,000	2.90	22	58.12	2,386
16093	173 1 1/2" government city w/ school tax	8,000	2.90	11	58.12	639
		<u>13,036,400</u>		<u>283</u>		<u>\$ 46,185</u>

2"		
First 21,400	\$	89.41
Next 3,600		3.72
Next 25,000		3.54
Next 50,000		3.17
Over 100,000		2.90

16016	170 2" commercial city w/ school tax and KY state sales tax	6,026,600	\$ 2.90	104	\$ 89.41	\$ 17,567
16016	171 2" commercial city w/ school tax and KY state sales tax	1,026,400	2.90	33	89.41	4,696
16016	172 2" commercial city w/ school tax and KY state sales tax	6,587,000	2.90	99	89.41	24,273
16016	173 2" commercial city w/ school tax and KY state sales tax	4,417,800	2.90	55	89.41	15,317
16076	170 2" industrial city w/ school tax and KY state sales tax	288,000	2.90	27	89.41	1,967
16076	171 2" industrial city w/ school tax and KY state sales tax	311,000	2.90	11	89.41	1,265
16083	171 2" commercial city w/ school tax	129,200	2.90	11	89.41	984
16083	172 2" commercial city w/ school tax	8,235,400	2.90	33	89.41	25,698
16094	170 2" government city w/ school tax	2,858,051	2.90	79	89.41	9,065
16094	171 2" government city w/ school tax	247,800	2.90	33	89.41	2,984
16094	172 2" government city w/ school tax	5,078,600	2.90	33	89.41	26,519
16094	173 2" government city w/ school tax	3,205,800	2.90	55	89.41	12,432
		<u>39,011,651</u>		<u>573</u>		<u>\$ 142,765</u>

16010	171 Industrial city special w/ school tax and KY state sales tax	\$	176.82		14	\$	1,967.01
16037	170 Commercial city sprinkler	\$	22.62		122	\$	2,239.38
16037	171 Commercial city sprinkler	\$	22.62		22	\$	497.64
16037	172 Commercial city sprinkler	\$	22.62		88	\$	1,990.56
16037	173 Commercial city sprinkler	\$	22.62		33	\$	746.46
16039	170 Industrial city sprinkler	\$	22.62		27	\$	497.64
	171 Industrial city sprinkler	\$	22.62		11	\$	248.82
	171 Commercial city special	\$	45.24		22	\$	995.28
16040	173 Commercial city special	\$	45.24		11	\$	497.64
16050	173 Commercial county special	\$	67.86		11	\$	5,225.22
16055	173 Commercial county special	\$	475.02		11	\$	5,225.22
16056	171 Government city special	\$	45.24	-	11	\$	497.64
16056	173 Government city special	\$	45.24	-	11	\$	497.64
16058	172 Government city special	\$	158.34	-	11	\$	1,741.74
16060	173 Commercial city special	\$	67.86	-	11	\$	746.46
16070	172 Commercial city special	\$	90.48	-	11	\$	995.28
16088	170 Industrial city special	\$	90.48	-	11	\$	995.28
16089	171 Industrial city special	\$	113.10	-	11	\$	1,244.10
16098	Government city hydrant	\$	5.02		11	\$	55.24
	June CCB Consumption per JDE						248,455.06

CLINTON

5/8" & 3/4"		
First 1,000	\$	13.60
Next 9,000	\$	7.71
Next 15,000	\$	7.07
Next 25,000	\$	6.44
Next 50,000	\$	5.72
Over 100,000	\$	4.99

	Gallage	Usage Charge	Units	BFC	Revenues
5/8" commercial w/ school tax and KY state sales tax	55,500	\$ 4.99	33	\$ 13.60	\$ 560
5/8" residential w/ school tax	913,674	\$ 4.99	254	\$ 13.60	\$ 7,962
5/8" public authority w/ school tax	17,200	\$ 4.99	24	\$ 13.60	\$ 307
3/4" commercial w/ school tax and KY state sales tax	1,708,174	\$ 4.99	530	\$ 13.60	\$ 14,863
16234 3/4" commercial out of city w/ school tax and KY state sales tax	108,700	\$ 4.99	29	\$ 13.60	\$ 1,079
16235 3/4" residential w/ school tax	20,145,508	\$ 4.99	5,326	\$ 13.60	\$ 167,563
16236 3/4" public authority out of city w/ school tax	14,100	\$ 4.99	12	\$ 13.60	\$ 82
16242 3/4" commercial w/ school tax	311,000	\$ 4.99	129	\$ 13.60	\$ 3,641
16246 3/4" public authority w/ school tax	176,700	\$ 4.99	55	\$ 13.60	\$ 1,729
16263 3/4" residential w/ school tax and KY state sales tax	11,800	\$ 4.99	8	\$ 13.60	\$ 141
16265 3/4" residential out of city w/ school tax	1,853,300	\$ 4.99	433	\$ 13.60	\$ 16,884
16272 3/4" multi commercial w/ school tax	6,700	\$ 4.99	6	\$ 13.60	\$ 82
16275 3/4" Multi Com Wtr	9,000	\$ 4.99	6	\$ 13.60	\$ 69
16276 3/4" Multi Com Wtr	93,700	\$ 4.99	25	\$ 13.60	\$ 870
16287 5/8" multi commercial w/ school tax and KY state sales tax	-	\$ 4.99	-	\$ 13.60	\$ -
16290 3/4" Pub Auth Wtr Out City	200	\$ 4.99	5	\$ 13.60	\$ 69
16293 3/4" Wtr Com Out City	23,300	\$ 4.99	20	\$ 13.60	\$ 367
16294 3/4" Com Wtr	111,100	\$ 4.99	24	\$ 13.60	\$ 1,033
16295 3/4" Res Wtr	423,700	\$ 4.99	110	\$ 13.60	\$ 3,922
16296 3/4" Rest Wtr Out City - Sch	94,600	\$ 4.99	25	\$ 13.60	\$ 855
16297 3/4" multi commercial w/ school and KY state sales tax	119,700	\$ 4.99	30	\$ 13.60	\$ 1,109
	<u>26,197,656</u>		<u>7,083</u>		<u>253,188</u>

1"		
First 5,300	\$	46.73
Next 3,700		7.71
Next 15,000		7.07
Next 25,000		6.44
Next 50,000		5.72
Over 100,000		4.99

16208 1" public authority w/ school tax	407,700	\$ 4.99	36	\$ 46.73	\$ 3,044
16230 1" commercial out of city w/ school tax and KY state sales tax	190,500	\$ 4.99	6	46.73	1,373
16244 1" commercial w/ school tax and KY state sales tax	178,100	\$ 4.99	25	46.73	1,079
16247 1" multi residential w/ school tax and KY state sales tax	665,200	\$ 4.99	42	46.73	5,214
16279 1" Multi Wtr - Sch & KY	723,500	\$ 4.99	42	\$ 13.60	\$ 4,801
16292 1" Wtr Com Out City	129,300	\$ 4.99	5	\$ 13.60	\$ 931
	<u>2,294,300</u>		<u>156</u>		<u>16,442</u>

1 1/2"		
First 11,200	\$	91.45
Next 13,800		7.07
Next 25,000		6.44
Next 50,000		5.72
Over 100,000		4.99

16238 1 1/2" public authority w/ school tax	1,336,700	\$ 4.99	24	\$ 91.45	\$ 8,325
16252 1 1/2" industrial city w/ school tax and KY state sales tax	-	\$ 4.99	-	\$ 91.45	-
16254 1 1/2" commercial w/ school tax and KY state sales tax	1,334,000	\$ 4.99	24	\$ 91.45	\$ 5,371
	<u>2,670,700</u>		<u>48</u>		<u>\$ 13,696</u>

2"		
First 17,600	\$	136.70
Next 7,400		7.07
Next 25,000		6.44
Next 50,000		5.72
Over 100,000		4.99

16262 2" public authority w/ school tax	3,855,800	\$ 4.99	62	\$ 136.70	\$ 24,113
2" multi residential w/ school tax and KY state sales tax	264,900	\$ 4.99	6	136.70	1,875
2" industrial w/ school tax and KY state sales tax	-	\$ 4.99	-	136.70	-
16264 2" commercial w/ school tax and KY state sales tax	2,484,500	\$ 4.99	19	136.70	13,955
16278 2" Multi Wtr - Sch & KY	281,300	\$ 4.99	6	\$ 13.60	\$ 1,668
16291 2" Pub Auth Wtr - Sch	17,000	\$ 4.99	5	\$ 13.60	\$ 684
	<u>6,904,400</u>		<u>98</u>		<u>\$ 42,294</u>

6"		
First 250,500	\$	1,387.01
Over 250,500		4.99

16280 6" commercial w/ school tax and KY state sales tax	-	\$ 4.99	-	\$ 1,387.01	\$ -
	<u>-</u>		<u>-</u>		<u>\$ -</u>

16285 Hydrant - private	\$ 22.62	-	22		\$ 498
16286 5/8" sprinkler - private	\$ 22.62	-	66		\$ 1,493
16299 Hydrant - municipal	\$ 5.03	-	11		\$ 55

Total Water Service Corporation of Kentucky Proposed Revenues	<u>448,242,938</u>		<u>76,765</u>		<u>2,447,180</u>
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Case No. 2008-00563  
Exhibit 7

**WATER SERVICE CORPORATION OF KENTUCKY**  
**Average Bill**

	Rate	Average Usage	Average Bill
Present: 16001 - 5/8" residential city w/ school tax - Middlesboro		4,341	\$ 15.80
16011 - 5/8" commercial city w/ school tax and KY state sales tax - Middlesboro		4,341	15.80
16012 - 3/4" commercial city w/ school tax and KY state sales tax - Middlesboro		4,341	15.80
16031 - 5/8" residential county w/ school tax - Middlesboro		4,341	15.80
16041 - 5/8" commercial county w/ school tax and KY state sales tax - Middlesboro		4,341	15.80
16071 - 5/8" industrial city w/ school tax and KY state sales tax - Middlesboro		4,341	15.80
16081 - 5/8" commercial city w/ school tax - Middlesboro		4,341	15.80
16091 - 5/8" government city w/ school tax - Middlesboro		4,341	15.80
Present: 5/8" meters - Middlesboro		4,341	\$ 15.80
First 1,000 (minimum 1,000)	\$ 6.74		
Next 9,000	\$ 2.71		
Next 15,000	\$ 2.47		
Next 25,000	\$ 2.35		
Next 50,000	\$ 2.10		
Over 100,000	\$ 1.92		
Present: 16003 - 1" residential city w/ school tax - Middlesboro		16,508	\$ 47.21
16013 - 1" commercial city w/ school tax and KY state sales tax - Middlesboro		16,508	47.21
16033 - 1" residential county w/ school tax - Middlesboro		16,508	47.21
16043 - 1" commercial county w school tax and KY state sales tax - Middlesboro		16,508	47.21
16073 - 1" industrial city w/ school tax and KY state sales tax - Middlesboro		16,508	47.21
16082 - 1" commercial city w/ school tax - Middlesboro		16,508	47.21
16092 - 1" government city w/ school tax - Middlesboro		16,508	47.21
Present: 1" meters - Middlesboro		16,508	\$ 47.21
First 6,000 (minimum charge)	\$ 20.29		
Next 4,000	\$ 2.71		
Next 15,000	\$ 2.47		
Next 25,000	\$ 2.35		
Next 50,000	\$ 2.10		
Over 100,000	\$ 1.92		
Present: 16015 - 1 1/2" commercial city w/ school tax and KY state sales tax - Middlesboro		46,066	\$ 117.69
16045 - 1 1/2" commercial county w/ school tax and KY state sales tax - Middlesboro		46,066	117.69
16075 - 1 1/2" industrial city w/ school tax and KY state sales tax - Middlesboro		46,066	117.69
16093 - 1 1/2" government city w/ school tax - Middlesboro		46,066	117.69
Present: 1 1/2" meters - Middlesboro		46,066	\$ 117.69
First 13,000 (minimum charge)	\$ 38.54		
Next 12,000	\$ 2.47		
Next 25,000	\$ 2.35		
Next 50,000	\$ 2.10		
Over 100,000	\$ 1.92		
Present: 16016 - 2" commercial city w/ school tax and KY state sales tax - Middlesboro		68,083	\$ 164.91
16076 - 2" industrial city w/ school tax and KY state sales tax - Middlesboro		68,083	164.91
16083 - 2" commercial city w/ school tax - Middlesboro		68,083	164.91
16094 - 2" government city w/ school tax - Middlesboro		68,083	164.91



**WATER SERVICE CORPORATION OF KENTUCKY**  
**Average Bill**

	Rate	Average Usage	Average Bill
Present: 2" meters - Middlesboro		68,083	\$ 164.91
First 21,400 (minimum charge)	\$ 59.29		
Next 3,600	\$ 2.47		
Next 25,000	\$ 2.35		
Next 50,000	\$ 2.10		
Over 100,000	\$ 1.92		
Present: 16017 - 3" commercial city w/ school tax and KY state sales tax - Middlesboro		188,749	\$ 402.33
16077 - 3" industrial city w/ school tax and KY state sales tax - Middlesboro		188,749	402.33
16090 - 3" commercial Pineville w/ school tax - Middlesboro		188,749	402.33
16095 - 3" government city w/ school tax - Middlesboro		188,749	402.33
Present: 3" meters - Middlesboro		188,749	\$ 402.33
First 68,400 (minimum charge)	\$ 165.57		
Next 31,600	\$ 2.10		
Over 100,000	\$ 1.92		
Present: 16018 - 4" commercial city w/ school tax and KY state sales tax - Middlesboro		100,906	\$ 284.73
16078 - 4" industrial city w/ school tax and KY state sales tax - Middlesboro		100,906	284.73
16096 - 4" government city w/ school tax - Middlesboro		100,906	284.73
Present: 4" meters - Middlesboro		100,906	\$ 284.73
First 127,500 gallons (minimum charge)	\$ 284.73		
Over 127,500 gallons	\$ 1.92		
Present: 16019 - 6" commercial city w/ school tax and KY state sales tax - Middlesboro		845,855	\$ 1,663.97
16079 - 6" industrial city w/ school tax and KY state sales tax - Middlesboro		845,855	1,663.97
Present: 6" meters - Middlesboro		845,855	\$ 1,663.97
First 281,500 (minimum charge)	\$ 580.41		
Over 281,500	\$ 1.92		
Present: 16010 - Industrial city special w/ school tax and KY state sales tax - Middlesboro (flat rate)	\$ 118.58	-	\$ 118.58
Present: 16037 - Commercial city sprinkler - Middlesboro (flat rate)	\$ 15.00	-	\$ 15.00
Present: 16039 - Industrial city sprinkler - Middlesboro (flat rate)	\$ 15.00	-	\$ 15.00
Present: 16040 - Commercial city special - Middlesboro (flat rate)	\$ 30.00	-	\$ 30.00
Present: 16050 - Commercial county special - Middlesboro (flat rate)	\$ 45.00	-	\$ 45.00
Present: 16055 - Commercial county special - Middlesboro (flat rate)	\$ 315.00	-	\$ 315.00
Present: 16056 - Government city special - Middlesboro (flat rate)	\$ 30.00	-	\$ 30.00
Present: 16058 - Government city special - Middlesboro (flat rate)	\$ 105.00	-	\$ 105.00
Present: 16060 - Commercial city special - Middlesboro (flat rate)	\$ 45.00	-	\$ 45.00
Present: 16070 - Commercial city special - Middlesboro (flat rate)	\$ 60.00	-	\$ 60.00
Present: 16088 - Industrial city sprinkler - Middlesboro (flat rate)	\$ 60.00	-	\$ 60.00
Present: 16089 - Industrial city special - Middlesboro (flat rate)	\$ 75.00	-	\$ 75.00
Present: 16098 - Government city hydrant (per hydrant) - Middlesboro (flat rate)	\$ 3.33	-	\$ 3.33

**WATER SERVICE CORPORATION OF KENTUCKY**  
**Average Bill**

	Rate	Average Usage	Average Bill
Present:			
16204 - 5/8" commercial w/ school tax and KY state sales tax - Clinton		3,699	\$ 22.81
16205 - 5/8" residential w/ school tax - Clinton		3,699	22.81
16206 - 5/8" public authority w/ school tax - Clinton		3,699	22.81
16214 - 3/4" commercial w/ school tax and KY state sales tax - Clinton		3,699	22.81
16234 - 3/4" commercial out of city w/ school tax and KY state sales tax - Clinton		3,699	22.81
16235 - 5/8" residential w/ school tax - Clinton		3,699	22.81
16236 - 3/4" public authroity out of city w/ school tax - Clinton		3,699	22.81
16242 - 3/4" commercial w/ school tax - Clinton		3,699	22.81
16246 - 3/4" public authority w/ school tax - Clinton		3,699	22.81
16263 - 3/4" residential w/ school tax and KY state sales tax - Clinton		3,699	22.81
16265 - 3/4" residential out of city w/ school tax - Clinton		3,699	22.81
16272 - 3/4" multi commercial w/ school tax - Clinton		3,699	22.81
16275 - 3/4" Multi Com Wtr		3,699	22.81
16276 - 3/4" Multi Com Wtr		3,699	22.81
16287 - 5/8" multi commercial w/ school tax and KY state sales tax- Clinton		3,699	22.81
16290 - 3/4" Pub Auth Wtr		3,699	22.81
16293 - 3/4" Wtr Com Out City		3,699	22.81
16294 - 3/4" Com Wtr		3,699	22.81
16295 - 3/4" Res Wtr		3,699	22.81
16296 - 3/4" Res Wtr out of city		3,699	22.81
16297 - 3/4" multi commercial w/ school tax and KY state sales tax- Clinton		3,699	22.81
Present:		3,699	\$ 22.81
5/8" and 3/4" meters - Clinton			
First 1,000 (minimum charge)	\$ 9.02		
Next 9,000	\$ 5.11		
Next 15,000	\$ 4.69		
Next 25,000	\$ 4.27		
Next 50,000	\$ 3.79		
Over 100,000	\$ 3.31		
Present:			
16208 - 1" public authority w/ school tax - Clinton		14,707	\$ 71.97
16230 - 1" commercial out of city w/ school tax and KY state sales tax - Clinton		14,707	71.97
16244 - 1" commercial w/ school tax and KY state sales tax - Clinton		14,707	71.97
16247 - 1" multi residential w/ school tax and KY state sales tax - Clinton		14,707	71.97
16279 - 1" Multi Wtr - Clinton		14,707	71.97
16292 - 1" Wtr Com Out City - Clinton		14,707	71.97
Present:		14,707	\$ 71.97
1" meters - Clinton			
First 5,300 (minimum charge)	\$ 30.99		
Next 3,700	\$ 5.11		
Next 15,000	\$ 4.69		
Next 25,000	\$ 4.27		
Next 50,000	\$ 3.79		
Over 100,000	\$ 3.31		
Present:			
16238 - 1 1/2" public authority w/ school tax - Clinton		55,640	\$ 256.19
16252 - 1 1/2" industrial city w/ school tax and KY state sales tax - Clinton		55,640	256.19
16254 - 1 1/2" commercial w/ school tax and KY state sales tax - Clinton		55,640	256.19
Present:		55,640	\$ 256.19
1 1/2" meters - Clinton			
First 11,200 (minimum)	\$ 60.64		
Next 13,800	\$ 4.69		
Next 25,000	\$ 4.27		
Next 50,000	\$ 3.79		
Over 100,000	\$ 3.31		
Present:			
16248 - 2" public authority w/ school tax - Clinton		70,453	\$ 309.62
16257 - 2" multi residential w/ school tax and KY state sales tax - Clinton		70,453	309.62
16262 - 2" industrial w/ school tax and KY state sales tax - Clinton		70,453	309.62
16264 - 2" commercial w/ school tax and KY state sales tax - Clinton		70,453	309.62
16278 - 2" Multi Wtr - Clinton		70,453	309.62
16291 - 2" Pub Auth Wtr - Clinton		70,453	309.62
Present:		70,453	\$ 309.62
2" meters - Clinton			

**WATER SERVICE CORPORATION OF KENTUCKY**  
**Average Bill**

	<u>Rate</u>	<u>Average Usage</u>	<u>Average Bill</u>
First 17,600 (minimum)	\$ 90.65		
Next 7,400	\$ 4.69		
Next 25,000	\$ 4.27		
Next 50,000	\$ 3.79		
Over 100,000	\$ 3.31		
<b>Present:</b> 16280 - 6" commercial w/ school tax and KY state sales tax - Clinton		-	\$ 919.77
<b>Present:</b> 6" meters - Clinton		-	\$ 919.77
First 250,500 (minimum)	\$ 919.77		
Over 250,500	\$ 3.31		
<b>Present:</b> 16285 - Hydrant - private (\$7.50/month) - Clinton (flat rate)	\$ 15.00	-	\$ 15.00
<b>Present:</b> 16286 - 5/8" sprinkler - private (\$15.00/month) - Clinton (flat rate)	\$ 15.00	-	\$ 15.00
<b>Present:</b> 16299 - Hydrant - municipal (\$3.3334/hydrant/month) - Clinton (flat rate)	\$ 3.33	-	\$ 3.33

**WATER SERVICE CORPORATION OF KENTUCKY**  
**Average Bill**

	Rate	Average Usage	Average Bill
<b>5/8" - 3/4"</b>			
First 1,000	\$ 10.16		
Next 9,000	\$ 4.09		
Next 15,000	\$ 3.72		
Next 25,000	\$ 3.54		
Next 50,000	\$ 3.17		
Over 100,000	\$ 2.90		
Proposed: 16001 - 5/8" residential city w/ school tax - Middlesboro		4,341	\$ 23.82
16011 - 5/8" commercial city w/ school tax and KY state sales tax - Middlesboro		4,341	23.82
16012 - 3/4" commercial city w/ school tax and KY state sales tax - Middlesboro		4,341	23.82
16031 - 5/8" residential county w/ school tax - Middlesboro		4,341	23.82
16041 - 5/8" commercial county w/ school tax and KY state sales tax - Middlesboro		4,341	23.82
16071 - 5/8" industrial city w/ school tax and KY state sales tax - Middlesboro		4,341	23.82
16081 - 5/8" commercial city w/ school tax - Middlesboro		4,341	23.82
16091 - 5/8" government city w/ school tax - Middlesboro		4,341	23.82
Proposed: 5/8" meters		4,341	\$ 23.82
<b>1"</b>			
First 6,000	\$ 30.60		
Next 4,000	\$ 4.09		
Next 15,000	\$ 3.72		
Next 25,000	\$ 3.54		
Next 50,000	\$ 3.17		
Over 100,000	\$ 2.90		
Proposed: 16003 - 1" residential city w/ school tax - Middlesboro		16,508	\$ 71.19
16013 - 1" commercial city w/ school tax and KY state sales tax - Middlesboro		16,508	71.19
16033 - 1" residential county w/ school tax - Middlesboro		16,508	71.19
16043 - 1" commercial county w school tax and KY state sales tax - Middlesboro		16,508	71.19
16073 - 1" industrial city w/ school tax and KY state sales tax - Middlesboro		16,508	71.19
16082 - 1" commercial city w/ school tax - Middlesboro		16,508	71.19
16092 - 1" government city w/ school tax - Middlesboro		16,508	71.19
Proposed: 1" meters		16,508	\$ 71.19
<b>1 1/2"</b>			
First 13,000	\$ 58.12		
Next 12,000	\$ 3.72		
Next 25,000	\$ 3.54		
Next 50,000	\$ 3.17		
Over 100,000	\$ 2.90		
Proposed: 16015 - 1 1/2" commercial city w/ school tax and KY state sales tax - Middlesboro		46,066	\$ 177.47
16045 - 1 1/2" commercial county w/ school tax and KY state sales tax - Middlesboro		46,066	177.47
16075 - 1 1/2" industrial city w/ school tax and KY state sales tax - Middlesboro		46,066	177.47
16093 - 1 1/2" government city w/ school tax - Middlesboro		46,066	177.47
Proposed: 1 1/2" meters		46,066	\$ 177.47
<b>2"</b>			
First 21,400	\$ 89.41		
Next 3,600	\$ 3.72		
Next 25,000	\$ 3.54		
Next 50,000	\$ 3.17		
Over 100,000	\$ 2.90		
Proposed: 16016 - 2" commercial city w/ school tax and KY state sales tax - Middlesboro		68,083	\$ 248.68
16076 - 2" industrial city w/ school tax and KY state sales tax - Middlesboro		68,083	248.68
16083 - 2" commercial city w/ school tax - Middlesboro		68,083	248.68
16094 - 2" government city w/ school tax - Middlesboro		68,083	248.68
Proposed: 2" meters		68,083	\$ 248.68

**WATER SERVICE CORPORATION OF KENTUCKY**  
**Average Bill**

	<u>Rate</u>	<u>Average Usage</u>	<u>Average Bill</u>
<b>3"</b>			
	First 68,400		
	Next 31,600		
	Over 100,000		
	\$ 249.68		
	\$ 3.17		
	\$ 2.90		
Proposed:	16017 - 3" commercial city w/ school tax and KY state sales tax - Middlesboro	188,749	\$ 606.71
	16077 - 3" industrial city w/ school tax and KY state sales tax - Middlesboro	188,749	\$ 606.71
	16090 - 3" commercial Pineville w/ school tax - Middlesboro	188,749	\$ 606.71
	16095 - 3" government city w/ school tax - Middlesboro	188,749	\$ 606.71
Proposed:	3" meters	188,749	\$ 606.71
<b>4"</b>			
	First 127,500		
	Over 127,500		
	\$ 429.37		
	\$ 2.90		
Proposed:	16018 - 4" commercial city w/ school tax and KY state sales tax - Middlesboro	100,906	\$ 429.37
	16078 - 4" industrial city w/ school tax and KY state sales tax - Middlesboro	100,906	\$ 429.37
	16096 - 4" government city w/ school tax - Middlesboro	100,906	\$ 429.37
Proposed:	4" meters	100,906	\$ 429.37
<b>6"</b>			
	First 281,500		
	Over 281,500		
	\$ 875.26		
	\$ 2.90		
Proposed:	16019 - 6" commercial city w/ school tax and KY state sales tax - Middlesboro	845,855	\$ 2,509.27
	16079 - 6" industrial city w/ school tax and KY state sales tax - Middlesboro	845,855	2,509.27
Proposed:	6" meters	845,855	\$ 2,509.27
Proposed:	16010 - Industrial city special w/ school tax and KY state sales tax - Middlesboro (flat rate)	\$ 178.82	\$ 178.82
Proposed:	16037 - Commercial city sprinkler - Middlesboro (flat rate)	\$ 22.62	\$ 22.62
Proposed:	16039 - Industrial city sprinkler - Middlesboro (flat rate)	\$ 22.62	\$ 22.62
Proposed:	16040 - Commercial city special - Middlesboro (flat rate)	\$ 45.24	\$ 45.24
Proposed:	16050 - Commercial county special - Middlesboro (flat rate)	\$ 67.86	\$ 67.86
Proposed:	16055 - Commercial county special - Middlesboro (flat rate)	\$ 475.02	\$ 475.02
Proposed:	16056 - Government city special - Middlesboro (flat rate)	\$ 45.24	\$ 45.24
Proposed:	16058 - Government city special - Middlesboro (flat rate)	\$ 158.34	\$ 158.34
Proposed:	16060 - Commercial city special - Middlesboro (flat rate)	\$ 67.86	\$ 67.86
Proposed:	16070 - Commercial city special - Middlesboro (flat rate)	\$ 90.48	\$ 90.48
Proposed:	16088 - Industrial city sprinkler - Middlesboro (flat rate)	\$ 90.48	\$ 90.48
Proposed:	16089 - Industrial city special - Middlesboro (flat rate)	\$ 113.10	\$ 113.10
Proposed:	16098 - Government city hydrant (per hydrant) - Middlesboro (flat rate)	\$ 5.02	\$ 5.02

**WATER SERVICE CORPORATION OF KENTUCKY**  
**Average Bill**

	Rate	Average Usage	Average Bill
<b>CLINTON PROPOSED</b>			
5/8" - 3/4"			
	First 1,000 (minimum charge)		\$ 13.60
	Next 9,000		\$ 7.71
	Next 15,000		\$ 7.07
	Next 25,000		\$ 6.44
	Next 50,000		\$ 5.72
	Over 100,000		\$ 4.99
Proposed:	16204 - 5/8" commercial w/ school tax and KY state sales tax - Clinton	3,699	\$ 34.40
	16205 - 5/8" residential w/ school tax - Clinton	3,699	\$ 34.40
	16206 - 5/8" public authority w/ school tax - Clinton	3,699	\$ 34.40
	16214 - 3/4" commercial w/ school tax and KY state sales tax - Clinton	3,699	\$ 34.40
	16234 - 3/4" commercial out of city w/ school tax and KY state sales tax - Clinton	3,699	\$ 34.40
	16235 - 5/8" residential w/ school tax - Clinton	3,699	\$ 34.40
	16236 - 3/4" public authroity out of city w/ school tax - Clinton	3,699	\$ 34.40
	16242 - 3/4" commercial w/ school tax - Clinton	3,699	\$ 34.40
	16246 - 3/4" public authority w/ school tax - Clinton	3,699	\$ 34.40
	16263 - 3/4" residential w/ school tax and KY state sales tax - Clinton	3,699	\$ 34.40
	16265 - 3/4" residential out of city w/ school tax - Clinton	3,699	\$ 34.40
	16272 - 3/4" multi commercial w/ school tax - Clinton	3,699	\$ 34.40
	16287 - 5/8" multi commercial w/ school tax and KY state sales tax - Clinton	3,699	\$ 34.40
	16297 - 3/4" multi commercial w/ school tax and KY state sales tax- Clinton	3,699	\$ 34.40
		3,699	\$ 34.40
1"			
	First 5,300		\$ 46.73
	Next 3,700		\$ 7.71
	Next 15,000		\$ 7.07
	Next 25,000		\$ 6.44
	Next 50,000		\$ 5.72
	Over 100,000		\$ 4.99
Proposed:	16208 - 1" public authority w/ school tax - Clinton	14,707	\$ 108.54
	16230 - 1" commercial out of city w/ school tax and KY state sales tax - Clinton	14,707	\$ 108.54
	16244 - 1" commercial w/ school tax and KY state sales tax - Clinton	14,707	\$ 108.54
	16247 - 1" multi residential w/ school tax and KY state sales tax - Clinton	14,707	\$ 108.54
	16279 - 1" Multi Wtr - Clinton	14,707	\$ 108.54
	16292 - 1" Wtr Com Out City - Clinton	14,707	\$ 108.54
		14,707	\$ 108.54
1 1/2"			
	First 11,200		\$ 91.45
	Next 13,800		\$ 7.07
	Next 25,000		\$ 6.44
	Next 50,000		\$ 5.72
	Over 100,000		\$ 4.99
Proposed:	16238 - 1 1/2" public authority w/ school tax - Clinton	55,640	\$ 386.34
	16252 - 1 1/2" industrial city w/ school tax and KY state sales tax	55,640	\$ 386.34
	16254 - 1 1/2" commercial w/ school tax and KY state sales tax - Clinton	55,640	\$ 386.34
		55,640	\$ 386.34

**WATER SERVICE CORPORATION OF KENTUCKY**  
**Average Bill**

	<u>Rate</u>	<u>Average Usage</u>	<u>Average Bill</u>
<b>2"</b>			
First 17,600	\$ 136.70		
Next 7,400	\$ 7.07		
Next 25,000	\$ 6.44		
Next 50,000	\$ 5.72		
Over 100,000	\$ 4.99		
<b>Proposed:</b>			
16248 - 2" public authority w/ school tax - Clinton		70,453	\$ 466.91
16257 - 2" multi residential w/ school tax and KY state sales tax - Clinton		70,453	\$ 466.91
16262 - 2" industrial w/ school tax and KY state sales tax - Clinton		70,453	\$ 466.91
16264 - 2" commercial w/ school tax and KY state sales tax - Clinton		70,453	\$ 466.91
16278 - 2" Multi Wtr - Clinton		70,453	\$ 466.91
16291 - 2" Pub Auth Wtr - Clinton		70,453	\$ 466.91
		70,453	\$ 466.91
<b>6"</b>			
First 250,500	\$ 1,387.01		
Over 250,500	\$ 4.99		
<b>Proposed:</b>			
16280 - 6" commercial w/ school tax and KY state sales tax - Clinton		-	\$ 1,387.01
<b>Proposed:</b>			
16285 - Hydrant - private (\$9.38/month) - Clinton (flat rate)	\$ 22.62	-	\$ 22.62
<b>Proposed:</b>			
16286 - 5/8" sprinkler - private (\$18.75/month) - Clinton (flat rate)	\$ 22.62	-	\$ 22.62
<b>Proposed:</b>			
16299 - Hydrant - municipal (\$4.17/hydrant/month) - Clinton (flat rate)	\$ 5.03	-	\$ 5.03





Case No. 2008-00563  
Exhibit 8

16001

Customer Class: Residential City w/ School Tax Sub 170

Meter Size: 5/8"

**Middlesboro**

**Proposed Rate**

First 1,000 gallons	\$6.74
Next 9,000 gallons	\$2.71
Next 15,000 gallons	\$2.47
Next 25,000 gallons	\$2.35
Next 50,000 gallons	\$2.10
Next 100,000 gallons	\$1.92

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Consumption Level	Number of Bills	Cumulative Bills	Gallons Consumed (1) X (2)	Cumulative Gallons	Reversed Bills	Consolidated Factor [(1)X(6)]+(5)	Percentage of Total
0	953	953	0	0	11,639	0	0.00%
1,000	1494	2,447	1,494,000	1,494,000	10,145	11,639,000	2.67%
2,000	1739	4,186	3,478,000	4,972,000	8,406	21,784,000	8.90%
3,000	1926	6,112	5,778,000	10,750,000	6,480	30,190,000	19.25%
4,000	1723	7,835	6,892,000	17,642,000	4,757	36,670,000	31.59%
5,000	1357	9,192	6,785,000	24,427,000	3,400	41,427,000	43.73%
6,000	955	10,147	5,730,000	30,157,000	2,445	44,827,000	53.99%
7,000	655	10,802	4,585,000	34,742,000	1,790	47,272,000	62.20%
8,000	465	11,267	3,720,000	38,462,000	1,325	49,062,000	68.86%
9,000	381	11,648	3,429,000	41,891,000	944	50,387,000	75.00%
10,000	251	11,899	2,510,000	44,401,000	693	51,331,000	79.49%
11,000	172	12,071	1,892,000	46,293,000	521	52,024,000	82.88%
12,000	117	12,188	1,404,000	47,697,000	404	52,545,000	85.40%
13,000	84	12,272	1,092,000	48,789,000	320	52,949,000	87.35%
14,000	46	12,318	644,000	49,433,000	274	53,269,000	88.50%
15,000	43	12,361	645,000	50,078,000	231	53,543,000	89.66%
16,000	31	12,392	496,000	50,574,000	200	53,774,000	90.55%
17,000	28	12,420	476,000	51,050,000	172	53,974,000	91.40%
18,000	24	12,444	432,000	51,482,000	148	54,146,000	92.17%
19,000	25	12,469	475,000	51,957,000	123	54,294,000	93.02%
20,000	17	12,486	340,000	52,297,000	106	54,417,000	93.63%
21,000	19	12,505	399,000	52,696,000	87	54,523,000	94.35%
22,000	9	12,514	198,000	52,894,000	78	54,610,000	94.70%
23,000	10	12,524	230,000	53,124,000	68	54,688,000	95.11%
24,000	5	12,529	120,000	53,244,000	63	54,756,000	95.33%
25,000	8	12,537	200,000	53,444,000	55	54,819,000	95.69%
26,000	2	12,539	52,000	53,496,000	53	54,874,000	95.78%
27,000	2	12,541	54,000	53,550,000	51	54,927,000	95.87%
28,000	4	12,545	112,000	53,662,000	47	54,978,000	96.08%
29,000	3	12,548	87,000	53,749,000	44	55,025,000	96.23%
30,000	4	12,552	120,000	53,869,000	40	55,069,000	96.45%
31,000	3	12,555	93,000	53,962,000	37	55,109,000	96.61%
32,000	3	12,558	96,000	54,058,000	34	55,146,000	96.78%
33,000	1	12,559	33,000	54,091,000	33	55,180,000	96.84%
34,000	1	12,560	34,000	54,125,000	32	55,213,000	96.90%
35,000	2	12,562	70,000	54,195,000	30	55,245,000	97.03%
36,000	4	12,566	144,000	54,339,000	26	55,275,000	97.29%
37,000	1	12,567	37,000	54,376,000	25	55,301,000	97.35%
38,000	2	12,569	76,000	54,452,000	23	55,326,000	97.49%
39,000	2	12,571	78,000	54,530,000	21	55,349,000	97.63%
40,000	2	12,573	80,000	54,610,000	19	55,370,000	97.77%
42,000	1	12,574	42,000	54,652,000	18	55,408,000	97.85%
43,000	1	12,575	43,000	54,695,000	17	55,426,000	97.92%
45,000	1	12,576	45,000	54,740,000	16	55,460,000	98.01%
48,000	1	12,577	48,000	54,788,000	15	55,508,000	98.09%
49,000	1	12,578	49,000	54,837,000	14	55,523,000	98.18%
52,000	1	12,579	52,000	54,889,000	13	55,565,000	98.27%
54,000	1	12,580	54,000	54,943,000	12	55,591,000	98.37%
59,000	1	12,581	59,000	55,002,000	11	55,651,000	98.47%
60,000	1	12,582	60,000	55,062,000	10	55,662,000	98.58%
66,000	1	12,583	66,000	55,128,000	9	55,722,000	98.70%
67,000	2	12,585	134,000	55,262,000	7	55,731,000	98.94%
74,000	1	12,586	74,000	55,336,000	6	55,780,000	99.07%
76,000	1	12,587	76,000	55,412,000	5	55,792,000	99.21%
82,000	1	12,588	82,000	55,494,000	4	55,822,000	99.36%

0	\$	6.423
1	\$	10.070
2	\$	16.434
3	\$	23.420
4	\$	25.621
5	\$	23.856
6	\$	19.377
7	\$	15.065
8	\$	11.955
9	\$	10.828
10	\$	7.814
11	\$	5.779
12	\$	4.220
13	\$	3.237
14	\$	1.886
15	\$	1.870
16	\$	1.424
17	\$	1.356
18	\$	1.221
19	\$	1.334
20	\$	949
21	\$	1.108
22	\$	547
23	\$	632
24	\$	329
25	\$	545
26	\$	141
27	\$	146
28	\$	301
29	\$	233
30	\$	320
31	\$	247
32	\$	254
33	\$	87
34	\$	89
35	\$	183
36	\$	376
37	\$	96
38	\$	197
39	\$	202
40	\$	207
42	\$	108
43	\$	110
45	\$	115
48	\$	122
49	\$	125
52	\$	131
54	\$	135
59	\$	146
60	\$	148
66	\$	161
67	\$	325
74	\$	177
76	\$	182
82	\$	194

16001

Customer Class: Residential City w/ School Tax Sub 170

Meter Size: 5/8"

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Consumption Level	Number of Bills	Cumulative Bills	Gallons Consumed (1) X (2)	Cumulative Gallons	Reversed Bills	Consolidated Factor [(1)X(6)]+(5)	Percentage of Total
83,000	1	12,589	83,000	55,577,000	3	55,826,000	99.50%
89,000	1	12,590	89,000	55,666,000	2	55,844,000	99.66%
93,000	1	12,591	93,000	55,759,000	1	55,852,000	99.83%
95,000	1	12,592	95,000	55,854,000	0	55,854,000	100.00%

**Middlesboro**

**Proposed Rate**

First 1,000 gallons	\$6.74
Next 9,000 gallons	\$2.71
Next 15,000 gallons	\$2.47
Next 25,000 gallons	\$2.35
Next 50,000 gallons	\$2.10
Next 100,000 gallons	\$1.92

83	\$	196
89	\$	209
93	\$	217
95	\$	221

\$	203,404
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16001  
Customer Class: Residential City w/ School Tax Sub 171

Meter Size: 5/8"

Middlesboro	Proposed Rate
First 1,000 gallons	\$6.74
Next 9,000 gallons	\$2.71
Next 15,000 gallons	\$2.47
Next 25,000 gallons	\$2.35
Next 50,000 gallons	\$2.10
Next 100,000 gallons	\$1.92

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		
Consumption Level	Number of Bills	Cumulative Bills	Gallons Consumed (1) X (2)	Cumulative Gallons	Reversed Bills	Consolidated Factor [(1)X(6)]+(5)	Percentage of Total		
0	870	870	0	0	13,023	0	0.00%	0	\$ 5,864
1,000	1566	2,436	1,566,000	1,566,000	11,457	13,023,000	2.57%	1	\$ 10,555
2,000	2235	4,671	4,470,000	6,036,000	9,222	24,480,000	9.90%	2	\$ 21,121
3,000	2095	6,766	6,285,000	12,321,000	7,127	33,702,000	20.21%	3	\$ 25,475
4,000	1912	8,678	7,648,000	19,969,000	5,215	40,829,000	32.76%	4	\$ 28,431
5,000	1454	10,132	7,270,000	27,239,000	3,761	46,044,000	44.69%	5	\$ 25,561
6,000	1102	11,234	6,612,000	33,851,000	2,659	49,805,000	55.53%	6	\$ 22,360
7,000	784	12,018	5,488,000	39,339,000	1,875	52,464,000	64.54%	7	\$ 18,032
8,000	528	12,546	4,224,000	43,563,000	1,347	54,339,000	71.47%	8	\$ 13,575
9,000	356	12,902	3,204,000	46,767,000	991	55,686,000	76.72%	9	\$ 10,118
10,000	270	13,172	2,700,000	49,467,000	721	56,677,000	81.15%	10	\$ 8,405
11,000	181	13,353	1,991,000	51,458,000	540	57,398,000	84.42%	11	\$ 6,082
12,000	125	13,478	1,500,000	52,958,000	415	57,938,000	86.88%	12	\$ 4,509
13,000	87	13,565	1,131,000	54,089,000	328	58,353,000	88.73%	13	\$ 3,353
14,000	60	13,625	840,000	54,929,000	268	58,681,000	90.11%	14	\$ 2,461
15,000	58	13,683	870,000	55,799,000	210	58,949,000	91.54%	15	\$ 2,522
16,000	31	13,714	496,000	56,295,000	179	59,159,000	92.35%	16	\$ 1,424
17,000	27	13,741	459,000	56,754,000	152	59,338,000	93.11%	17	\$ 1,307
18,000	23	13,764	414,000	57,168,000	129	59,490,000	93.79%	18	\$ 1,170
19,000	16	13,780	304,000	57,472,000	113	59,619,000	94.28%	19	\$ 854
20,000	7	13,787	140,000	57,612,000	106	59,732,000	94.51%	20	\$ 391
21,000	13	13,800	273,000	57,885,000	93	59,838,000	94.96%	21	\$ 758
22,000	13	13,813	286,000	58,171,000	80	59,931,000	95.43%	22	\$ 790
23,000	5	13,818	115,000	58,286,000	75	60,011,000	95.62%	23	\$ 316
24,000	5	13,823	120,000	58,406,000	70	60,086,000	95.82%	24	\$ 329
25,000	8	13,831	200,000	58,606,000	62	60,156,000	96.14%	25	\$ 545
26,000	8	13,839	208,000	58,814,000	54	60,218,000	96.49%	26	\$ 564
27,000	8	13,847	216,000	59,030,000	46	60,272,000	96.84%	27	\$ 583
28,000	7	13,854	196,000	59,226,000	39	60,318,000	97.16%	28	\$ 527
29,000	3	13,857	87,000	59,313,000	36	60,357,000	97.30%	29	\$ 233
30,000	4	13,861	120,000	59,433,000	32	60,393,000	97.50%	30	\$ 320
31,000	2	13,863	62,000	59,495,000	30	60,425,000	97.60%	31	\$ 165
33,000	5	13,868	165,000	59,660,000	25	60,485,000	97.87%	33	\$ 435
34,000	1	13,869	34,000	59,694,000	24	60,510,000	97.93%	34	\$ 89
35,000	4	13,873	140,000	59,834,000	20	60,534,000	98.16%	35	\$ 367
37,000	2	13,875	74,000	59,908,000	18	60,574,000	98.28%	37	\$ 193
38,000	2	13,877	76,000	59,984,000	16	60,592,000	98.41%	38	\$ 197
40,000	3	13,880	120,000	60,104,000	13	60,624,000	98.60%	40	\$ 310
41,000	2	13,882	82,000	60,186,000	11	60,637,000	98.74%	41	\$ 212
42,000	2	13,884	84,000	60,270,000	9	60,648,000	98.87%	42	\$ 216
45,000	1	13,885	45,000	60,315,000	8	60,675,000	98.95%	45	\$ 115
49,000	2	13,887	98,000	60,413,000	6	60,707,000	99.11%	49	\$ 249
53,000	1	13,888	53,000	60,466,000	5	60,731,000	99.20%	53	\$ 133
71,000	1	13,889	71,000	60,537,000	4	60,821,000	99.31%	71	\$ 171
72,000	1	13,890	72,000	60,609,000	3	60,825,000	99.43%	72	\$ 173
88,000	1	13,891	88,000	60,697,000	2	60,873,000	99.58%	88	\$ 207
110,000	1	13,892	110,000	60,807,000	1	60,917,000	99.76%	110	\$ 251
149,000	1	13,893	149,000	60,956,000	0	60,956,000	100.00%	149	\$ 326

\$ 222,343

16001  
Customer Class: Residential City w/ School Tax Sub 172

Meter Size: 5/8"

Middlesboro	Proposed Rate
First 1,000 gallons	\$6.74
Next 9,000 gallons	\$2.71
Next 15,000 gallons	\$2.47
Next 25,000 gallons	\$2.35
Next 50,000 gallons	\$2.10
Next 100,000 gallons	\$1.92

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total			
0	654	654	0	0	10,533	0	0.00%	0	\$	4.408
1,000	1438	2,092	1,438,000	1,438,000	9,095	10,533,000	3.07%	1	\$	9,692
2,000	1796	3,888	3,592,000	5,030,000	7,299	19,628,000	10.73%	2	\$	16,972
3,000	1681	5,569	5,043,000	10,073,000	5,618	26,927,000	21.49%	3	\$	20,441
4,000	1563	7,132	6,252,000	16,325,000	4,055	32,545,000	34.83%	4	\$	23,242
5,000	1185	8,317	5,925,000	22,250,000	2,870	36,600,000	47.48%	5	\$	20,832
6,000	951	9,268	5,706,000	27,956,000	1,919	39,470,000	59.65%	6	\$	19,296
7,000	621	9,889	4,347,000	32,303,000	1,298	41,389,000	68.93%	7	\$	14,283
8,000	416	10,305	3,328,000	35,631,000	882	42,687,000	76.03%	8	\$	10,695
9,000	267	10,572	2,403,000	38,034,000	615	43,569,000	81.15%	9	\$	7,588
10,000	164	10,736	1,640,000	39,674,000	451	44,184,000	84.65%	10	\$	5,105
11,000	124	10,860	1,364,000	41,038,000	327	44,635,000	87.56%	11	\$	4,166
12,000	78	10,938	936,000	41,974,000	249	44,962,000	89.56%	12	\$	2,813
13,000	63	11,001	819,000	42,793,000	186	45,211,000	91.31%	13	\$	2,428
14,000	24	11,025	336,000	43,129,000	162	45,397,000	92.03%	14	\$	984
15,000	22	11,047	330,000	43,459,000	140	45,559,000	92.73%	15	\$	957
16,000	21	11,068	336,000	43,795,000	119	45,699,000	93.45%	16	\$	965
17,000	16	11,084	272,000	44,067,000	103	45,818,000	94.03%	17	\$	775
18,000	15	11,099	270,000	44,337,000	88	45,921,000	94.60%	18	\$	763
19,000	13	11,112	247,000	44,584,000	75	46,009,000	95.13%	19	\$	694
20,000	13	11,125	260,000	44,844,000	62	46,084,000	95.69%	20	\$	726
21,000	8	11,133	168,000	45,012,000	54	46,146,000	96.04%	21	\$	466
22,000	6	11,139	132,000	45,144,000	48	46,200,000	96.33%	22	\$	365
23,000	5	11,144	115,000	45,259,000	43	46,248,000	96.57%	23	\$	316
24,000	5	11,149	120,000	45,379,000	38	46,291,000	96.83%	24	\$	329
25,000	5	11,154	125,000	45,504,000	33	46,329,000	97.09%	25	\$	341
26,000	4	11,158	104,000	45,608,000	29	46,362,000	97.32%	26	\$	282
27,000	4	11,162	108,000	45,716,000	25	46,391,000	97.55%	27	\$	292
28,000	2	11,164	56,000	45,772,000	23	46,416,000	97.67%	28	\$	150
29,000	3	11,167	87,000	45,859,000	20	46,439,000	97.85%	29	\$	233
32,000	3	11,170	96,000	45,955,000	17	46,499,000	98.06%	32	\$	254
35,000	1	11,171	35,000	45,990,000	16	46,550,000	98.13%	35	\$	92
36,000	1	11,172	36,000	46,026,000	15	46,566,000	98.21%	36	\$	94
38,000	1	11,173	38,000	46,064,000	14	46,596,000	98.29%	38	\$	99
39,000	1	11,174	39,000	46,103,000	13	46,610,000	98.37%	39	\$	101
41,000	2	11,176	82,000	46,185,000	11	46,636,000	98.55%	41	\$	212
45,000	1	11,177	45,000	46,230,000	10	46,680,000	98.64%	45	\$	115
51,000	3	11,180	153,000	46,383,000	7	46,740,000	98.97%	51	\$	387
52,000	1	11,181	52,000	46,435,000	6	46,747,000	99.08%	52	\$	131
53,000	1	11,182	53,000	46,488,000	5	46,753,000	99.19%	53	\$	133
57,000	1	11,183	57,000	46,545,000	4	46,773,000	99.32%	57	\$	142
61,000	1	11,184	61,000	46,606,000	3	46,789,000	99.45%	61	\$	150
70,000	1	11,185	70,000	46,676,000	2	46,816,000	99.59%	70	\$	169
77,000	1	11,186	77,000	46,753,000	1	46,830,000	99.76%	77	\$	184
113,000	1	11,187	113,000	46,866,000	0	46,866,000	100.00%	113	\$	257

\$ 173,118

16001  
Customer Class: Residential City w/ School Tax Sub 173

Meter Size: 5/8"

Middleboro	Proposed Rate
First 1,000 gallons	\$6.74
Next 9,000 gallons	\$2.71
Next 15,000 gallons	\$2.47
Next 25,000 gallons	\$2.35
Next 50,000 gallons	\$2.10
Next 100,000 gallons	\$1.92

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total			
0	487	487	0	0	9,352	0	0.00%	0	\$	3,282
1,000	1325	1,812	1,325,000	1,325,000	8,027	9,352,000	3.41%	1	\$	8,931
2,000	1625	3,437	3,250,000	4,575,000	6,402	17,379,000	11.78%	2	\$	15,356
3,000	1723	5,160	5,169,000	9,744,000	4,679	23,781,000	25.10%	3	\$	20,952
4,000	1518	6,678	6,072,000	15,816,000	3,161	28,460,000	40.74%	4	\$	22,573
5,000	1068	7,746	5,340,000	21,156,000	2,093	31,621,000	54.49%	5	\$	18,775
6,000	707	8,453	4,242,000	25,398,000	1,386	33,714,000	65.42%	6	\$	14,345
7,000	443	8,896	3,101,000	28,499,000	943	35,100,000	73.41%	7	\$	10,189
8,000	286	9,182	2,288,000	30,787,000	657	36,043,000	79.30%	8	\$	7,353
9,000	216	9,398	1,944,000	32,731,000	441	36,700,000	84.31%	9	\$	6,139
10,000	130	9,528	1,300,000	34,031,000	311	37,141,000	87.66%	10	\$	4,047
11,000	90	9,618	990,000	35,021,000	221	37,452,000	90.21%	11	\$	3,024
12,000	51	9,669	612,000	35,633,000	170	37,673,000	91.79%	12	\$	1,840
13,000	36	9,705	468,000	36,101,000	134	37,843,000	92.99%	13	\$	1,387
14,000	27	9,732	378,000	36,479,000	107	37,977,000	93.96%	14	\$	1,107
15,000	15	9,747	225,000	36,704,000	92	38,084,000	94.54%	15	\$	652
16,000	22	9,769	352,000	37,056,000	70	38,176,000	95.45%	16	\$	1,011
17,000	9	9,778	153,000	37,209,000	61	38,246,000	95.85%	17	\$	436
18,000	14	9,792	252,000	37,461,000	47	38,307,000	96.49%	18	\$	712
19,000	5	9,797	95,000	37,556,000	42	38,354,000	96.74%	19	\$	267
20,000	3	9,800	60,000	37,616,000	39	38,396,000	96.89%	20	\$	167
21,000	4	9,804	84,000	37,700,000	35	38,435,000	97.11%	21	\$	233
22,000	4	9,808	88,000	37,788,000	31	38,470,000	97.34%	22	\$	243
23,000	4	9,812	92,000	37,880,000	27	38,501,000	97.57%	23	\$	253
24,000	1	9,813	24,000	37,904,000	26	38,528,000	97.64%	24	\$	66
25,000	3	9,816	75,000	37,979,000	23	38,554,000	97.83%	25	\$	205
26,000	1	9,817	26,000	38,005,000	22	38,577,000	97.90%	26	\$	71
27,000	4	9,821	108,000	38,113,000	18	38,599,000	98.17%	27	\$	292
28,000	4	9,825	112,000	38,225,000	14	38,617,000	98.46%	28	\$	301
29,000	1	9,826	29,000	38,254,000	13	38,631,000	98.54%	29	\$	78
30,000	1	9,827	30,000	38,284,000	12	38,644,000	98.61%	30	\$	80
31,000	2	9,829	62,000	38,346,000	10	38,656,000	98.77%	31	\$	165
33,000	1	9,830	33,000	38,379,000	9	38,676,000	98.86%	33	\$	87
34,000	1	9,831	34,000	38,413,000	8	38,685,000	98.95%	34	\$	89
35,000	2	9,833	70,000	38,483,000	6	38,693,000	99.13%	35	\$	183
36,000	1	9,834	36,000	38,519,000	5	38,699,000	99.22%	36	\$	94
38,000	1	9,835	38,000	38,557,000	4	38,709,000	99.32%	38	\$	99
44,000	1	9,836	44,000	38,601,000	3	38,733,000	99.43%	44	\$	113
45,000	1	9,837	45,000	38,646,000	2	38,736,000	99.55%	45	\$	115
76,000	1	9,838	76,000	38,722,000	1	38,798,000	99.74%	76	\$	182
100,000	1	9,839	100,000	38,822,000	0	38,822,000	100.00%	100	\$	232

\$ 145,724

16003

Customer Class: Residential City w/ School Tax Sub 170

Meter Size: 1"

**Middlesboro**      **Proposed Rate**

First 6,000 gallons	\$	20.29
Next 4,000 gallons	\$	2.71
Next 15,000 gallons	\$	2.47
Next 25,000 gallons	\$	2.35
Next 50,000 gallons	\$	2.10
Next 100,000 gallon	\$	1.92

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Consumption Level	Number of Bills	Cumulative Bills	Gallons Consumed (1) X (2)	Cumulative Gallons	Reversed Bills	Consolidated Factor [(1)X(6)]+(5)]	Percentage of Total
0	7	7	0	0	92	0	0.00%
1,000	8	15	8,000	8,000	84	92,000	1.92%
2,000	25	40	50,000	58,000	59	176,000	13.94%
3,000	15	55	45,000	103,000	44	235,000	24.76%
4,000	6	61	24,000	127,000	38	279,000	30.53%
5,000	9	70	45,000	172,000	29	317,000	41.35%
6,000	7	77	42,000	214,000	22	346,000	51.44%
7,000	8	85	56,000	270,000	14	368,000	64.90%
8,000	5	90	40,000	310,000	9	382,000	74.52%
9,000	1	91	9,000	319,000	8	391,000	76.68%
10,000	1	92	10,000	329,000	7	399,000	79.09%
11,000	3	95	33,000	362,000	4	406,000	87.02%
12,000	2	97	24,000	386,000	2	410,000	92.79%
14,000	1	98	14,000	400,000	1	414,000	96.15%
16,000	1	99	16,000	416,000	0	416,000	100.00%

\$	2,883
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16003

Customer Class: Residential City w/ School Tax Sub 171

Meter Size: 1"

<u>Middlesboro</u>	<u>Proposed Rate</u>
First 6,000 gallons	\$ 20.29
Next 4,000 gallons	\$ 2.71
Next 15,000 gallons	\$ 2.47
Next 25,000 gallons	\$ 2.35
Next 50,000 gallons	\$ 2.10
Next 100,000 gallons	\$ 1.92

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Consumption Level	Number of Bills	Cumulative Bills	Gallons Consumed (1) X (2)	Cumulative Gallons	Reversed Bills	Consolidated Factor [(1)X(6)]+(5)]	Percentage of Total
0	5	5	0	0	90	0	0.00%
1,000	7	12	7,000	7,000	83	90,000	0.59%
2,000	10	22	20,000	27,000	73	173,000	2.29%
3,000	13	35	39,000	66,000	60	246,000	5.60%
4,000	7	42	28,000	94,000	53	306,000	7.97%
5,000	3	45	15,000	109,000	50	359,000	9.25%
6,000	2	47	12,000	121,000	48	409,000	10.26%
7,000	2	49	14,000	135,000	46	457,000	11.45%
8,000	7	56	56,000	191,000	39	503,000	16.20%
9,000	6	62	54,000	245,000	33	542,000	20.78%
10,000	5	67	50,000	295,000	28	575,000	25.02%
12,000	3	70	36,000	331,000	25	631,000	28.07%
15,000	6	76	90,000	421,000	19	706,000	35.71%
17,000	3	79	51,000	472,000	16	744,000	40.03%
23,000	3	82	69,000	541,000	13	840,000	45.89%
24,000	4	86	96,000	637,000	9	853,000	54.03%
28,000	5	91	140,000	777,000	4	889,000	65.90%
46,000	1	92	46,000	823,000	3	961,000	69.80%
118,000	1	93	118,000	941,000	2	1,177,000	79.81%
119,000	2	95	238,000	1,179,000	0	1,179,000	100.00%

0	\$	101
1	\$	142
2	\$	203
3	\$	264
4	\$	142
5	\$	61
6	\$	41
7	\$	46
8	\$	180
9	\$	171
10	\$	156
12	\$	108
15	\$	261
17	\$	145
23	\$	190
24	\$	263
28	\$	376
46	\$	118
118	\$	266
119	\$	537

\$	3,770
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16003

Customer Class: Residential City w/ School Tax Sub 172

Meter Size: 1"

<u>Middlesboro</u>		<u>Proposed Rate</u>
First 6,000 gallons	\$	20.29
Next 4,000 gallons	\$	2.71
Next 15,000 gallons	\$	2.47
Next 25,000 gallons	\$	2.35
Next 50,000 gallons	\$	2.10
Next 100,000 gallons	\$	1.92

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Consumption Level	Number of Bills	Cumulative Bills	Gallons Consumed (1) X (2)	Cumulative Gallons	Reversed Bills	Consolidated Factor [(1)X(6)]+(5)	Percentage of Total
0	0	0	0	0	23	0	0.00%
1,000	1	1	1,000	1,000	22	23,000	0.42%
2,000	2	3	4,000	5,000	20	45,000	2.10%
4,000	1	4	4,000	9,000	19	85,000	3.78%
6,000	1	5	6,000	15,000	18	123,000	6.30%
7,000	3	8	21,000	36,000	15	141,000	15.13%
8,000	1	9	8,000	44,000	14	156,000	18.49%
10,000	3	12	30,000	74,000	11	184,000	31.09%
11,000	1	13	11,000	85,000	10	195,000	35.71%
12,000	1	14	12,000	97,000	9	205,000	40.76%
13,000	1	15	13,000	110,000	8	214,000	46.22%
14,000	2	17	28,000	138,000	6	222,000	57.98%
15,000	1	18	15,000	153,000	5	228,000	64.29%
16,000	1	19	16,000	169,000	4	233,000	71.01%
17,000	3	22	51,000	220,000	1	237,000	92.44%
18,000	1	23	18,000	238,000	0	238,000	100.00%

0	\$	-
1	\$	20
2	\$	41
4	\$	20
6	\$	20
7	\$	69
8	\$	26
10	\$	93
11	\$	34
12	\$	36
13	\$	39
14	\$	82
15	\$	43
16	\$	46
17	\$	145
18	\$	51

\$	765
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16010

Customer Class: Industrial Special w/ Taxes

Meter Size: N/A

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total		
0	11	11	0	0	0	0	100.00%	0	1304.38

16011  
 Customer Class: Commercial City w/ School Tax and KY State Sales Tax Sub 170

Meter Size: 5/8"

Middlesboro	Proposed Rate
First 1,000 gallons	\$6.74
Next 9,000 gallons	\$2.71
Next 15,000 gallons	\$2.47
Next 25,000 gallons	\$2.35
Next 50,000 gallons	\$2.10
Next 100,000 gallons	\$1.92

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(3)	(8) Percentage of Total
0	459	459	0	0	1,424	0	0.00%
1,000	444	903	444,000	444,000	980	1,424,000	4.83%
2,000	272	1,175	544,000	988,000	708	2,404,000	10.75%
3,000	130	1,305	390,000	1,378,000	578	3,112,000	14.99%
4,000	96	1,401	384,000	1,762,000	482	3,690,000	19.17%
5,000	104	1,505	520,000	2,282,000	378	4,172,000	24.83%
6,000	85	1,570	390,000	2,672,000	313	4,550,000	29.07%
7,000	58	1,628	406,000	3,078,000	255	4,863,000	33.49%
8,000	37	1,665	296,000	3,374,000	218	5,118,000	36.71%
9,000	35	1,700	315,000	3,689,000	183	5,336,000	40.13%
10,000	26	1,726	260,000	3,949,000	157	5,519,000	42.96%
11,000	23	1,749	253,000	4,202,000	134	5,676,000	45.71%
12,000	13	1,762	156,000	4,358,000	121	5,810,000	47.41%
13,000	19	1,781	247,000	4,605,000	102	5,931,000	50.10%
14,000	11	1,792	154,000	4,759,000	91	6,033,000	51.77%
15,000	10	1,802	150,000	4,909,000	81	6,124,000	53.41%
16,000	4	1,806	64,000	4,973,000	77	6,205,000	54.10%
17,000	2	1,808	34,000	5,007,000	75	6,282,000	54.47%
18,000	7	1,815	126,000	5,133,000	68	6,357,000	55.84%
19,000	4	1,819	76,000	5,209,000	64	6,425,000	56.67%
20,000	4	1,823	80,000	5,289,000	60	6,489,000	57.54%
21,000	5	1,828	105,000	5,394,000	55	6,549,000	58.68%
22,000	4	1,832	88,000	5,482,000	51	6,604,000	59.64%
23,000	2	1,834	46,000	5,528,000	49	6,655,000	60.14%
24,000	4	1,838	96,000	5,624,000	45	6,704,000	61.18%
26,000	5	1,843	130,000	5,754,000	40	6,794,000	62.60%
29,000	2	1,845	58,000	5,812,000	38	6,914,000	63.23%
30,000	1	1,846	30,000	5,842,000	37	6,952,000	63.56%
32,000	1	1,847	32,000	5,874,000	36	7,026,000	63.90%
33,000	1	1,848	33,000	5,907,000	35	7,062,000	64.26%
34,000	1	1,849	34,000	5,941,000	34	7,097,000	64.63%
39,000	1	1,850	39,000	5,980,000	33	7,267,000	65.06%
40,000	1	1,851	40,000	6,020,000	32	7,300,000	65.49%
43,000	1	1,852	43,000	6,063,000	31	7,396,000	65.96%
54,000	1	1,853	54,000	6,117,000	30	7,737,000	66.55%
58,000	1	1,854	58,000	6,175,000	29	7,857,000	67.18%
65,000	1	1,855	65,000	6,240,000	28	8,060,000	67.89%
66,000	1	1,856	66,000	6,306,000	27	8,088,000	68.60%
71,000	2	1,858	142,000	6,448,000	25	8,223,000	70.15%
74,000	2	1,860	148,000	6,596,000	23	8,298,000	71.76%
77,000	1	1,861	77,000	6,673,000	22	8,367,000	72.60%
78,000	1	1,862	78,000	6,751,000	21	8,389,000	73.44%
79,000	1	1,863	79,000	6,830,000	20	8,410,000	74.30%
88,000	2	1,865	176,000	7,006,000	18	8,590,000	76.22%
90,000	1	1,866	90,000	7,096,000	17	8,626,000	77.20%
103,000	1	1,867	103,000	7,199,000	16	8,847,000	78.32%
105,000	1	1,868	105,000	7,304,000	15	8,879,000	79.46%
106,000	1	1,869	106,000	7,410,000	14	8,894,000	80.61%
108,000	1	1,870	108,000	7,518,000	13	8,922,000	81.79%
109,000	1	1,871	109,000	7,627,000	12	8,935,000	82.97%
110,000	1	1,872	110,000	7,737,000	11	8,947,000	84.17%
111,000	1	1,873	111,000	7,848,000	10	8,958,000	85.38%
113,000	2	1,875	226,000	8,074,000	8	8,978,000	87.84%
118,000	1	1,876	118,000	8,192,000	7	9,018,000	89.12%
123,000	1	1,877	123,000	8,315,000	6	9,053,000	90.46%
124,000	1	1,878	124,000	8,439,000	5	9,059,000	91.81%
129,000	1	1,879	129,000	8,568,000	4	9,084,000	93.21%
130,000	1	1,880	130,000	8,698,000	3	9,088,000	94.63%
142,000	1	1,881	142,000	8,840,000	2	9,124,000	96.17%
166,000	1	1,882	166,000	9,006,000	1	9,172,000	97.98%
186,000	1	1,883	186,000	9,192,000	0	9,192,000	100.00%

\$ 32,102

16011  
Customer Class: Commercial City w/ School Tax and KY State Sales Tax Sub 171

Meter Size: 5/8"

**Middlesboro**  
First 1,000 gallons \$6.74  
Next 9,000 gallons \$2.71  
Next 15,000 gallons \$2.47  
Next 25,000 gallons \$2.35  
Next 50,000 gallons \$2.10  
Next 100,000 gallons \$1.92

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total
0	103	103	0	0	753	0	0.00%
1,000	189	292	189,000	189,000	564	753,000	4.16%
2,000	99	391	198,000	387,000	465	1,317,000	8.51%
3,000	80	471	240,000	627,000	385	1,782,000	13.79%
4,000	82	553	328,000	955,000	303	2,167,000	21.00%
5,000	53	606	265,000	1,220,000	250	2,470,000	26.82%
6,000	45	651	270,000	1,490,000	205	2,720,000	32.76%
7,000	26	677	182,000	1,672,000	179	2,925,000	36.76%
8,000	22	699	176,000	1,848,000	157	3,104,000	40.63%
9,000	19	718	171,000	2,019,000	138	3,261,000	44.39%
10,000	15	733	150,000	2,169,000	123	3,399,000	47.69%
11,000	10	743	110,000	2,279,000	113	3,522,000	50.11%
12,000	4	747	48,000	2,327,000	109	3,635,000	51.17%
13,000	18	765	234,000	2,561,000	91	3,744,000	56.31%
14,000	13	778	182,000	2,743,000	78	3,835,000	60.31%
15,000	6	784	90,000	2,833,000	72	3,913,000	62.29%
16,000	10	794	160,000	2,993,000	62	3,985,000	65.81%
17,000	11	805	187,000	3,180,000	51	4,047,000	69.92%
18,000	7	812	126,000	3,306,000	44	4,098,000	72.69%
19,000	8	820	152,000	3,458,000	36	4,142,000	76.03%
20,000	2	822	40,000	3,498,000	34	4,178,000	76.91%
21,000	1	823	21,000	3,519,000	33	4,212,000	77.37%
22,000	5	828	110,000	3,629,000	28	4,245,000	79.79%
23,000	4	832	92,000	3,721,000	24	4,273,000	81.82%
24,000	2	834	48,000	3,769,000	22	4,297,000	82.87%
25,000	4	838	100,000	3,869,000	18	4,319,000	85.07%
26,000	4	842	104,000	3,973,000	14	4,337,000	87.36%
27,000	3	845	81,000	4,054,000	11	4,351,000	89.14%
28,000	2	847	56,000	4,110,000	9	4,362,000	90.37%
29,000	1	848	29,000	4,139,000	8	4,371,000	91.01%
30,000	1	849	30,000	4,169,000	7	4,379,000	91.67%
33,000	1	850	33,000	4,202,000	6	4,400,000	92.39%
34,000	1	851	34,000	4,236,000	5	4,406,000	93.14%
39,000	1	852	39,000	4,275,000	4	4,431,000	94.00%
41,000	1	853	41,000	4,316,000	3	4,439,000	94.90%
59,000	1	854	59,000	4,375,000	2	4,493,000	96.20%
75,000	1	855	75,000	4,450,000	1	4,525,000	97.85%
98,000	1	856	98,000	4,548,000	0	4,548,000	100.00%

\$ 15,730

16011  
 Customer Class: Commercial City w/ School Tax and KY State Sales Tax Sub 172

Meter Size: 5/8"

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Consumption Level	Number of Bills	Cumulative Bills	Gallons Consumed (1) X (2)	Cumulative Gallons	Reversed Bills	Consolidated Factor [(1)X(6)]+(5)]	Percentage of Total
0	285	285	0	0	799	0	0.00%
1,000	238	523	238,000	238,000	561	799,000	4.30%
2,000	154	677	308,000	546,000	407	1,360,000	9.87%
3,000	88	765	264,000	810,000	319	1,767,000	14.64%
4,000	51	816	204,000	1,014,000	268	2,086,000	18.33%
5,000	40	856	200,000	1,214,000	228	2,354,000	21.94%
6,000	36	892	216,000	1,430,000	192	2,582,000	25.84%
7,000	16	908	112,000	1,542,000	176	2,774,000	27.87%
8,000	23	931	184,000	1,726,000	153	2,950,000	31.19%
9,000	19	950	171,000	1,897,000	134	3,103,000	34.29%
10,000	13	963	130,000	2,027,000	121	3,237,000	36.63%
11,000	12	975	132,000	2,159,000	109	3,358,000	39.02%
12,000	9	984	108,000	2,267,000	100	3,467,000	40.97%
13,000	7	991	91,000	2,358,000	93	3,567,000	42.62%
14,000	7	998	98,000	2,456,000	86	3,660,000	44.39%
15,000	3	1,001	45,000	2,501,000	83	3,746,000	45.20%
16,000	8	1,009	128,000	2,629,000	75	3,829,000	47.51%
17,000	6	1,015	102,000	2,731,000	69	3,904,000	49.36%
18,000	6	1,021	108,000	2,839,000	63	3,973,000	51.31%
19,000	6	1,027	114,000	2,953,000	57	4,036,000	53.37%
20,000	6	1,033	120,000	3,073,000	51	4,093,000	55.54%
21,000	1	1,034	21,000	3,094,000	50	4,144,000	55.92%
22,000	2	1,036	44,000	3,138,000	48	4,194,000	56.71%
25,000	2	1,038	50,000	3,188,000	46	4,338,000	57.62%
27,000	1	1,039	27,000	3,215,000	45	4,430,000	58.11%
28,000	1	1,040	28,000	3,243,000	44	4,475,000	58.61%
29,000	1	1,041	29,000	3,272,000	43	4,519,000	59.14%
30,000	2	1,043	60,000	3,332,000	41	4,562,000	60.22%
31,000	1	1,044	31,000	3,363,000	40	4,603,000	60.78%
32,000	1	1,045	32,000	3,395,000	39	4,643,000	61.36%
33,000	2	1,047	66,000	3,461,000	37	4,682,000	62.55%
35,000	1	1,048	35,000	3,496,000	36	4,756,000	63.18%
37,000	1	1,049	37,000	3,533,000	35	4,828,000	63.85%
38,000	1	1,050	38,000	3,571,000	34	4,863,000	64.54%
39,000	1	1,051	39,000	3,610,000	33	4,897,000	65.24%
40,000	2	1,053	80,000	3,690,000	31	4,930,000	66.69%
41,000	2	1,055	82,000	3,772,000	29	4,961,000	68.17%
42,000	3	1,058	126,000	3,898,000	26	4,990,000	70.45%
43,000	1	1,059	43,000	3,941,000	25	5,016,000	71.23%
44,000	4	1,061	176,000	4,117,000	21	5,041,000	74.41%
45,000	3	1,066	135,000	4,252,000	18	5,062,000	76.85%
47,000	2	1,068	94,000	4,346,000	16	5,098,000	78.55%
52,000	1	1,069	52,000	4,398,000	15	5,178,000	79.49%
53,000	2	1,071	106,000	4,504,000	13	5,193,000	81.40%
54,000	1	1,072	54,000	4,558,000	12	5,206,000	82.38%
57,000	1	1,073	57,000	4,615,000	11	5,242,000	83.41%
61,000	2	1,075	122,000	4,737,000	9	5,286,000	85.61%
62,000	1	1,076	62,000	4,799,000	8	5,295,000	86.73%
72,000	1	1,077	72,000	4,871,000	7	5,375,000	88.04%
73,000	1	1,078	73,000	4,944,000	6	5,382,000	89.35%
86,000	1	1,079	86,000	5,030,000	5	5,460,000	90.91%
91,000	1	1,080	91,000	5,121,000	4	5,485,000	92.55%
92,000	1	1,081	92,000	5,213,000	3	5,489,000	94.22%
99,000	1	1,082	99,000	5,312,000	2	5,510,000	96.01%
106,000	1	1,083	106,000	5,418,000	1	5,524,000	97.92%
115,000	1	1,084	115,000	5,533,000	0	5,533,000	100.00%

Middlesboro	Proposed Rate
First 1,000 gallons	\$6.74
Next 9,000 gallons	\$2.71
Next 15,000 gallons	\$2.47
Next 25,000 gallons	\$2.35
Next 50,000 gallons	\$2.10
Next 100,000 gallons	\$1.92

\$ 19,340

16011  
Customer Class: Commercial City w/ School Tax and KY State Sales Tax Sub 173

Meter Size: 5/8"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total	
0	267	267	0	0	1,193	0	0.00%	0
1,000	290	557	290,000	290,000	903	1,193,000	6.61%	1
2,000	292	849	584,000	874,000	611	2,096,000	19.92%	2
3,000	234	1,083	702,000	1,576,000	377	2,707,000	35.92%	3
4,000	155	1,238	620,000	2,196,000	222	3,084,000	50.06%	4
5,000	82	1,320	410,000	2,606,000	140	3,306,000	59.40%	5
6,000	34	1,354	294,000	2,810,000	106	3,446,000	64.05%	6
7,000	27	1,381	189,000	2,999,000	79	3,552,000	68.36%	7
8,000	13	1,394	104,000	3,103,000	66	3,631,000	70.73%	8
9,000	7	1,401	63,000	3,166,000	59	3,697,000	72.17%	9
10,000	6	1,407	60,000	3,226,000	53	3,756,000	73.54%	10
11,000	11	1,418	121,000	3,347,000	42	3,809,000	76.29%	11
12,000	3	1,421	36,000	3,383,000	39	3,851,000	77.11%	12
13,000	4	1,425	52,000	3,435,000	35	3,890,000	78.30%	13
14,000	2	1,427	28,000	3,463,000	33	3,925,000	78.94%	14
15,000	3	1,430	45,000	3,508,000	30	3,958,000	79.96%	15
16,000	1	1,431	16,000	3,524,000	29	3,988,000	80.33%	16
17,000	3	1,434	51,000	3,575,000	26	4,017,000	81.49%	17
18,000	2	1,436	36,000	3,611,000	24	4,043,000	82.31%	18
19,000	1	1,437	19,000	3,630,000	23	4,067,000	82.74%	19
20,000	2	1,439	40,000	3,670,000	21	4,090,000	83.66%	20
21,000	1	1,440	21,000	3,691,000	20	4,111,000	84.13%	21
23,000	2	1,442	46,000	3,737,000	18	4,151,000	85.18%	23
25,000	2	1,444	50,000	3,787,000	16	4,187,000	86.32%	25
26,000	1	1,445	26,000	3,813,000	15	4,203,000	86.92%	26
27,000	3	1,448	81,000	3,894,000	12	4,218,000	88.76%	27
28,000	2	1,450	56,000	3,950,000	10	4,230,000	90.04%	28
29,000	2	1,452	58,000	4,008,000	8	4,240,000	91.36%	29
31,000	1	1,453	31,000	4,039,000	7	4,256,000	92.07%	31
32,000	1	1,454	32,000	4,071,000	6	4,263,000	92.80%	32
34,000	2	1,456	68,000	4,139,000	4	4,275,000	94.35%	34
40,000	1	1,457	40,000	4,179,000	3	4,299,000	95.26%	40
47,000	1	1,458	47,000	4,226,000	2	4,320,000	96.33%	47
57,000	1	1,459	57,000	4,283,000	1	4,340,000	97.63%	57
104,000	1	1,460	104,000	4,387,000	0	4,387,000	100.00%	104

Middlesboro	Proposed Rate
First 1,000 gallons	\$6.74
Next 9,000 gallons	\$2.71
Next 15,000 gallons	\$2.47
Next 25,000 gallons	\$2.35
Next 50,000 gallons	\$2.10
Next 100,000 gallons	\$1.92

\$ 18,305

16012  
 Customer Class: Commercial City w/ School Tax and KY State Sales Tax Sub 171

Meter Size: 3/4"

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Consumption Level	Number of Bills	Cumulative Bills	Gallons Consumed (1) X (2)	Cumulative Gallons	Reversed Bills	Consolidated Factor [(1)X(6)]+(5)]	Percentage of Total
0	0	0	0	0	11	0	0.00%
2,000	2	2	4,000	4,000	9	22,000	9.52%
3,000	3	5	9,000	13,000	6	31,000	30.95%
4,000	3	8	12,000	25,000	3	37,000	59.52%
5,000	1	9	5,000	30,000	2	40,000	71.43%
6,000	2	11	12,000	42,000	0	42,000	100.00%

0  
2  
3  
4  
5  
6

**Middlesboro**

First 1,000 gallons  
 Next 9,000 gallons  
 Next 15,000 gallons  
 Next 25,000 gallons  
 Next 50,000 gallons  
 Next 100,000 gallons

**Proposed Rate**

\$6.74  
 \$2.71  
 \$2.47  
 \$2.35  
 \$2.10  
 \$1.92

\$ -  
 \$ 19  
 \$ 36  
 \$ 45  
 \$ 18  
 \$ 41

**\$ 158**

16013 Customer Class Commercial City w/ School Tax and KY State Sales Tax Sub 170							Meter Size 1"	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Consumption Level	Number of Bills	Cumulative Bills	Gallons Consumed (1) X (2)	Cumulative Gallons	Reversed Bills	Consolidated Factor [(1)X(6)]/(5)	Percentage of Total	
0	2	2	0	0	293	0	0.01%	
1,000	12	12	12,000	12,000	283	295,000	0.22%	
2,000	17	29	34,000	46,000	266	578,000	0.86%	
3,000	18	47	54,000	100,000	248	844,000	1.87%	
4,000	6	53	24,000	124,000	242	1,092,000	2.32%	
5,000	8	61	40,000	164,000	234	1,334,000	3.07%	
6,000	17	78	102,000	266,000	217	1,568,000	4.97%	
7,000	22	100	154,000	420,000	195	1,785,000	7.85%	
8,000	13	113	104,000	524,000	182	1,980,000	9.81%	
9,000	20	133	180,000	704,000	162	2,162,000	13.16%	
10,000	22	155	220,000	924,000	140	2,324,000	17.27%	
11,000	18	173	198,000	1,122,000	122	2,464,000	20.98%	
12,000	15	188	180,000	1,302,000	107	2,586,000	24.34%	
13,000	6	194	78,000	1,380,000	101	2,693,000	25.81%	
14,000	6	200	84,000	1,464,000	95	2,794,000	27.37%	
15,000	8	208	120,000	1,584,000	87	2,889,000	29.61%	
16,000	5	213	80,000	1,664,000	82	2,976,000	31.11%	
17,000	4	217	68,000	1,732,000	78	3,058,000	32.38%	
18,000	6	223	108,000	1,840,000	72	3,136,000	34.40%	
19,000	1	224	19,000	1,859,000	71	3,208,000	34.75%	
20,000	2	226	40,000	1,899,000	69	3,279,000	35.51%	
21,000	4	230	84,000	1,983,000	65	3,348,000	37.07%	
22,000	1	231	22,000	2,005,000	64	3,413,000	37.48%	
24,000	1	232	24,000	2,029,000	63	3,541,000	37.93%	
25,000	1	233	25,000	2,054,000	62	3,604,000	38.41%	
26,000	2	235	52,000	2,106,000	60	3,666,000	39.37%	
27,000	1	236	27,000	2,133,000	59	3,726,000	39.88%	
28,000	1	237	28,000	2,161,000	58	3,785,000	40.41%	
29,000	1	238	29,000	2,190,000	57	3,843,000	40.94%	
31,000	2	240	62,000	2,252,000	55	3,957,000	42.11%	
32,000	2	242	64,000	2,316,000	53	4,072,000	43.34%	
33,000	2	244	66,000	2,382,000	51	4,065,000	44.53%	
34,000	1	245	34,000	2,416,000	50	4,116,000	45.17%	
35,000	2	247	70,000	2,486,000	48	4,166,000	46.48%	
36,000	2	249	72,000	2,558,000	46	4,214,000	47.82%	
37,000	2	251	74,000	2,632,000	44	4,260,000	49.21%	
38,000	4	255	152,000	2,784,000	40	4,304,000	52.05%	
39,000	2	257	78,000	2,862,000	38	4,344,000	53.51%	
40,000	2	259	80,000	2,942,000	36	4,382,000	55.00%	
41,000	1	260	41,000	2,983,000	35	4,418,000	55.77%	
42,000	3	263	126,000	3,109,000	32	4,453,000	58.12%	
43,000	2	265	86,000	3,195,000	30	4,485,000	59.73%	
44,000	3	268	132,000	3,327,000	27	4,515,000	62.21%	
45,000	3	271	135,000	3,462,000	24	4,542,000	64.72%	
46,000	1	272	46,000	3,508,000	23	4,566,000	65.58%	
47,000	1	273	47,000	3,555,000	22	4,589,000	66.46%	
49,000	1	274	49,000	3,604,000	21	4,633,000	67.38%	
50,000	1	275	50,000	3,654,000	20	4,654,000	68.31%	
51,000	1	276	51,000	3,705,000	19	4,674,000	69.27%	
52,000	1	277	52,000	3,757,000	18	4,693,000	70.24%	
53,000	1	278	53,000	3,810,000	17	4,711,000	71.23%	
56,000	1	279	56,000	3,866,000	16	4,726,000	72.28%	
57,000	1	280	57,000	3,923,000	15	4,778,000	73.34%	
58,000	1	281	58,000	3,981,000	14	4,793,000	74.43%	
59,000	1	282	59,000	4,040,000	13	4,807,000	75.53%	
60,000	2	284	120,000	4,160,000	11	4,820,000	77.77%	
65,000	1	285	65,000	4,225,000	10	4,875,000	78.99%	
67,000	1	286	67,000	4,292,000	9	4,895,000	80.24%	
68,000	1	287	68,000	4,360,000	8	4,904,000	81.51%	
70,000	1	288	70,000	4,430,000	7	4,920,000	82.82%	
72,000	1	289	72,000	4,502,000	6	4,934,000	84.17%	
76,000	1	290	76,000	4,578,000	5	4,958,000	85.59%	
110,000	1	291	110,000	4,688,000	4	5,128,000	87.64%	
144,000	1	292	144,000	4,832,000	3	5,264,000	90.33%	
145,000	1	293	145,000	4,977,000	2	5,267,000	93.05%	
172,000	1	294	172,000	5,149,000	1	5,321,000	96.26%	
200,000	1	295	200,000	5,349,000	0	5,349,000	100.01%	

Middleboro	Proposed Rate
First 6,000 gallons	\$ 20.29
Next 4,000 gallons	\$ 2.71
Next 15,000 gallons	\$ 2.47
Next 25,000 gallons	\$ 2.35
Next 50,000 gallons	\$ 2.10
Next 100,000 gallons	\$ 1.92

\$ 17.012



16013  
 Customer Class: Commercial City w / School Tax and KY State Sales Tax Sub 171

Meter Size: 1"

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Consumption Level	Number of Bills	Cumulative Bills	Gallons Consumed (1) X (2)	Cumulative Gallons	Reversed Bills	Consolidated Factor [(1)X(6)]÷(5)]	Percentage of Total
0	8	8	0	0	39	0	0.00%
1,000	4	4	4,000	4,000	43	47,000	0.94%
3,000	1	5	3,000	7,000	42	133,000	1.65%
4,000	2	7	8,000	15,000	40	175,000	3.54%
5,000	3	10	15,000	30,000	37	215,000	7.08%
6,000	6	16	36,000	66,000	31	252,000	15.57%
7,000	5	21	35,000	101,000	26	283,000	23.82%
8,000	3	24	24,000	125,000	23	309,000	29.48%
9,000	2	26	18,000	143,000	21	332,000	33.73%
10,000	8	34	80,000	223,000	13	353,000	52.59%
11,000	3	37	33,000	256,000	10	366,000	60.38%
12,000	1	38	12,000	268,000	9	376,000	63.21%
13,000	1	39	13,000	281,000	8	385,000	66.27%
14,000	2	41	28,000	309,000	6	393,000	72.88%
15,000	1	42	15,000	324,000	5	399,000	76.42%
16,000	1	43	16,000	340,000	4	404,000	80.19%
18,000	1	44	18,000	358,000	3	412,000	84.43%
20,000	2	46	40,000	398,000	1	418,000	93.87%
26,000	1	47	26,000	424,000	0	424,000	100.00%

**Middlesboro**  
 First 6,000 gallons \$ 20.29  
 Next 4,000 gallons \$ 2.71  
 Next 15,000 gallons \$ 2.47  
 Next 25,000 gallons \$ 2.35  
 Next 50,000 gallons \$ 2.10  
 Next 100,000 gallons \$ 1.92

**Proposed Rate**

\$	162
\$	81
\$	20
\$	41
\$	61
\$	122
\$	115
\$	77
\$	57
\$	249
\$	141
\$	50
\$	52
\$	109
\$	57
\$	60
\$	64
\$	139
\$	84

\$	1,741
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16013  
Customer Class: Commercial City w/ School Tax and KY State Sales Tax Sub 172

Meter Size: 1"

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Consumption Level	Number of Bills	Cumulative Bills	Gallons Consumed (1) X (2)	Cumulative Gallons	Reversed Bills	Consolidated Factor [(1)X(6)]+(5)	Percentage of Total
0	12	12	0	0	241	0	0.00%
1,000	13	25	13,000	13,000	228	241,000	0.18%
2,000	20	45	40,000	53,000	208	469,000	0.74%
3,000	11	56	33,000	86,000	197	677,000	1.20%
4,000	11	67	44,000	130,000	186	874,000	1.81%
5,000	9	76	45,000	175,000	177	1,060,000	2.44%
6,000	3	79	18,000	193,000	174	1,237,000	2.69%
7,000	3	82	21,000	214,000	171	1,411,000	2.98%
8,000	1	83	8,000	222,000	170	1,582,000	3.09%
9,000	1	84	9,000	231,000	169	1,752,000	3.22%
10,000	3	87	30,000	261,000	166	1,921,000	3.64%
11,000	4	91	44,000	305,000	162	2,087,000	4.25%
12,000	4	95	48,000	353,000	158	2,249,000	4.92%
13,000	4	99	52,000	405,000	154	2,407,000	5.64%
14,000	2	101	28,000	433,000	152	2,561,000	6.03%
15,000	3	104	45,000	478,000	149	2,713,000	6.66%
16,000	3	107	48,000	526,000	146	2,862,000	7.33%
17,000	5	112	85,000	611,000	141	3,008,000	8.51%
19,000	3	115	57,000	668,000	138	3,290,000	9.31%
20,000	7	122	140,000	808,000	131	3,428,000	11.26%
21,000	4	126	84,000	892,000	127	3,559,000	12.43%
22,000	8	134	176,000	1,068,000	119	3,686,000	14.88%
23,000	6	140	138,000	1,206,000	113	3,805,000	16.80%
24,000	4	144	96,000	1,302,000	109	3,918,000	18.14%
25,000	1	145	25,000	1,327,000	108	4,027,000	18.49%
26,000	3	148	78,000	1,405,000	105	4,135,000	19.57%
27,000	2	150	54,000	1,459,000	103	4,240,000	20.33%
28,000	2	152	56,000	1,515,000	101	4,343,000	21.11%
29,000	3	155	87,000	1,602,000	98	4,444,000	22.32%
30,000	2	157	60,000	1,662,000	96	4,542,000	23.15%
31,000	3	160	93,000	1,755,000	93	4,638,000	24.45%
32,000	1	161	32,000	1,787,000	92	4,731,000	24.90%
33,000	5	166	165,000	1,952,000	87	4,823,000	27.19%
34,000	2	168	68,000	2,020,000	85	4,910,000	28.14%
35,000	1	169	35,000	2,055,000	84	4,995,000	28.63%
36,000	5	174	180,000	2,235,000	79	5,079,000	31.14%
37,000	2	176	74,000	2,309,000	77	5,158,000	32.17%
38,000	2	178	76,000	2,385,000	75	5,235,000	33.23%
40,000	2	180	80,000	2,465,000	73	5,385,000	34.34%
41,000	3	183	123,000	2,588,000	70	5,458,000	36.05%
43,000	2	185	86,000	2,674,000	68	5,598,000	37.25%
44,000	1	186	44,000	2,718,000	67	5,666,000	37.87%
45,000	2	188	90,000	2,808,000	65	5,733,000	39.12%
46,000	4	192	184,000	2,992,000	61	5,798,000	41.68%
47,000	2	194	94,000	3,086,000	59	5,859,000	42.99%
48,000	2	196	96,000	3,182,000	57	5,918,000	44.33%
49,000	1	197	49,000	3,231,000	56	5,975,000	45.01%
51,000	2	199	102,000	3,333,000	54	6,087,000	46.43%
52,000	1	200	52,000	3,385,000	53	6,141,000	47.16%
54,000	1	201	54,000	3,439,000	52	6,247,000	47.91%
55,000	2	203	110,000	3,549,000	50	6,299,000	49.44%
56,000	2	205	112,000	3,661,000	48	6,349,000	51.00%
57,000	4	209	228,000	3,889,000	44	6,397,000	54.18%
58,000	2	211	116,000	4,005,000	42	6,441,000	55.80%
59,000	3	214	177,000	4,182,000	39	6,483,000	58.26%
60,000	5	219	300,000	4,482,000	34	6,522,000	62.44%
61,000	1	220	61,000	4,543,000	33	6,556,000	63.29%
62,000	3	223	186,000	4,729,000	30	6,589,000	65.88%
63,000	2	225	126,000	4,855,000	28	6,619,000	67.64%
64,000	1	226	64,000	4,919,000	27	6,647,000	68.53%
65,000	2	228	130,000	5,049,000	25	6,674,000	70.34%
66,000	1	229	66,000	5,115,000	24	6,699,000	71.26%
67,000	1	230	67,000	5,182,000	23	6,723,000	72.19%
70,000	1	231	70,000	5,252,000	22	6,792,000	73.17%
71,000	1	232	71,000	5,323,000	21	6,814,000	74.16%
73,000	4	236	292,000	5,615,000	17	6,856,000	78.23%
74,000	2	238	148,000	5,763,000	15	6,873,000	80.29%
76,000	2	240	152,000	5,915,000	13	6,903,000	82.40%

Middlesboro	Proposed Rate
First 6,000 gallons	\$ 20.29
Next 4,000 gallons	\$ 2.71
Next 15,000 gallons	\$ 2.47
Next 25,000 gallons	\$ 2.35
Next 50,000 gallons	\$ 2.10
Next 100,000 gallons	\$ 1.92

16013  
 Customer Class: Commercial City w/ School Tax and KY State Sales Tax Sub 172

Meter Size: 1"

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Consumption Level	Number of Bills	Cumulative Bills	Gallons Consumed (1) X (2)	Cumulative Gallons	Reversed Bills	Consolidated Factor [(1)X(6)]+(5)	Percentage of Total
77,000	1	241	77,000	5,992,000	12	6,916,000	83.48%
83,000	1	242	83,000	6,075,000	11	6,988,000	84.63%
84,000	1	243	84,000	6,159,000	10	6,999,000	85.80%
86,000	1	244	86,000	6,245,000	9	7,019,000	87.00%
88,000	1	245	88,000	6,333,000	8	7,037,000	88.23%
91,000	1	246	91,000	6,424,000	7	7,061,000	89.50%
98,000	1	247	98,000	6,522,000	6	7,110,000	90.86%
102,000	1	248	102,000	6,624,000	5	7,134,000	92.28%
103,000	1	249	103,000	6,727,000	4	7,139,000	93.72%
108,000	1	250	108,000	6,835,000	3	7,159,000	95.22%
110,000	1	251	110,000	6,945,000	2	7,165,000	96.75%
112,000	1	252	112,000	7,057,000	1	7,169,000	98.31%
121,000	1	253	121,000	7,178,000	0	7,178,000	100.00%

Middlesboro	Proposed Rate
First 6,000 gallons	\$ 20.29
Next 4,000 gallons	\$ 2.71
Next 15,000 gallons	\$ 2.47
Next 25,000 gallons	\$ 2.35
Next 50,000 gallons	\$ 2.10
Next 100,000 gallons	\$ 1.92

\$ 21,546

16013  
 Customer Class: Commercial City w/ School Tax and KY State Sales Tax Sub 173

Meter Size: 1"

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Consumption Level	Number of Bills	Cumulative Bills	Gallons Consumed (1) X (2)	Cumulative Gallons	Reversed Bills	Consolidated Factor [(1)X(6)]÷(5)]	Percentage of Total
0	0	0	0	0	33	0	0.00%
4,000	5	5	20,000	20,000	28	132,000	8.06%
5,000	4	9	20,000	40,000	24	160,000	16.13%
6,000	2	11	12,000	52,000	22	184,000	20.97%
7,000	7	18	49,000	101,000	15	206,000	40.73%
8,000	2	20	16,000	117,000	13	221,000	47.18%
9,000	6	26	54,000	171,000	7	234,000	68.95%
10,000	3	29	30,000	201,000	4	241,000	81.05%
11,000	2	31	22,000	223,000	2	245,000	89.92%
12,000	1	32	12,000	235,000	1	247,000	94.76%
13,000	1	33	13,000	248,000	0	248,000	100.00%

Middlesboro	Proposed Rate
First 6,000 gallons	\$ 20.29
Next 4,000 gallons	\$ 2.71
Next 15,000 gallons	\$ 2.47
Next 25,000 gallons	\$ 2.35
Next 50,000 gallons	\$ 2.10
Next 100,000 gallons	\$ 1.92

\$	896
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16015  
Customer Class: Commercial City w/ School Tax and KY State Sales Tax Sub 170

Meter Size: 1 1/2"

**Middlesboro** **Proposed Rate**  
 First (min.) 13,000 gallons \$38.54  
 Next 12,000 gallons \$2.47  
 Next 25,000 gallons \$2.35  
 Next 50,000 gallons \$2.10  
 Next 100,000 gallons \$1.92

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total		1002.04	14.82
0	0	0	0	0	55	0	0.00%	0	\$	-
5,000	8	6	30,000	30,000	49	275,000	1.25%	5	\$	231
6,000	4	10	24,000	24,000	45	294,000	1.00%	6	\$	154
7,000	4	14	28,000	52,000	41	339,000	2.17%	7	\$	154
8,000	2	16	16,000	68,000	39	380,000	2.84%	8	\$	77
9,000	3	19	27,000	95,000	36	419,000	3.96%	9	\$	116
12,000	1	20	12,000	107,000	35	527,000	4.46%	12	\$	39
13,000	2	22	26,000	133,000	33	562,000	5.55%	13	\$	77
16,000	2	24	32,000	165,000	31	661,000	6.88%	16	\$	92
17,000	1	25	17,000	182,000	30	692,000	7.59%	17	\$	48
18,000	1	26	18,000	200,000	29	722,000	8.34%	18	\$	51
19,000	2	28	38,000	238,000	27	751,000	9.92%	19	\$	107
22,000	1	29	22,000	260,000	26	832,000	10.84%	22	\$	61
23,000	1	30	23,000	283,000	25	858,000	11.80%	23	\$	63
28,000	1	31	28,000	311,000	24	983,000	12.97%	28	\$	75
39,000	1	32	39,000	350,000	23	1,247,000	14.60%	39	\$	101
40,000	1	33	40,000	390,000	22	1,270,000	16.26%	40	\$	103
58,000	1	34	58,000	448,000	21	1,666,000	18.68%	58	\$	144
60,000	1	35	60,000	508,000	20	1,708,000	21.18%	60	\$	148
61,000	1	36	61,000	569,000	19	1,728,000	23.73%	61	\$	150
65,000	1	37	65,000	634,000	18	1,804,000	26.44%	65	\$	158
67,000	2	39	134,000	768,000	16	1,840,000	32.03%	67	\$	325
68,000	1	40	68,000	836,000	15	1,856,000	34.86%	68	\$	165
69,000	1	41	69,000	905,000	14	1,871,000	37.74%	69	\$	167
71,000	1	42	71,000	976,000	13	1,899,000	40.70%	71	\$	171
74,000	1	43	74,000	1,050,000	12	1,938,000	43.79%	74	\$	177
85,000	1	44	85,000	1,135,000	11	2,070,000	47.33%	85	\$	200
91,000	1	45	91,000	1,226,000	10	2,136,000	51.13%	91	\$	213
96,000	1	46	96,000	1,322,000	9	2,186,000	55.13%	96	\$	224
100,000	1	47	100,000	1,422,000	8	2,222,000	59.30%	100	\$	232
103,000	1	48	103,000	1,525,000	7	2,246,000	63.59%	103	\$	238
107,000	1	49	107,000	1,632,000	6	2,274,000	68.06%	107	\$	245
109,000	1	50	109,000	1,741,000	5	2,286,000	72.60%	109	\$	249
120,000	1	51	120,000	1,861,000	4	2,341,000	77.61%	120	\$	270
123,000	1	52	123,000	1,984,000	3	2,353,000	82.74%	123	\$	276
124,000	1	53	124,000	2,108,000	2	2,356,000	87.91%	124	\$	278
140,000	1	54	140,000	2,248,000	1	2,388,000	93.74%	140	\$	309
150,000	1	55	150,000	2,398,000	0	2,398,000	100.00%	150	\$	328
									\$	6,217.14

16015  
 Customer Class: Commercial City w/ School Tax and KY State Sales Tax Sub 171

Meter Size: 1 1/2"

**Middlesboro**  
 First (min.) 13,000 gallons 538.54  
 Next 12,000 gallons 52.47  
 Next 25,000 gallons 52.35  
 Next 50,000 gallons 52.10  
 Next 100,000 gallons 51.92

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Consumption Level	Number of Bills	Cumulative Bills	Gallons Consumed (1) X (2)	Cumulative Gallons	Reversed Bills	Consolidated Factor [(1)X(6)]+(5)]	Percentage of Total
0	0	9	0	0	24	0	0.00%
1,000	4	13	4,000	4,000	20	24,000	0.43%
2,000	1	14	2,000	2,000	19	40,000	0.21%
3,000	1	15	3,000	5,000	18	59,000	0.54%
9,000	1	16	9,000	14,000	17	167,000	1.50%
12,000	1	17	12,000	26,000	16	218,000	2.78%
16,000	1	18	16,000	42,000	15	282,000	4.50%
26,000	1	19	26,000	68,000	14	432,000	7.28%
27,000	1	20	27,000	95,000	13	446,000	10.17%
31,000	1	21	31,000	126,000	12	498,000	13.49%
38,000	1	22	38,000	164,000	11	582,000	17.56%
39,000	1	23	39,000	203,000	10	593,000	21.73%
41,000	1	24	41,000	244,000	9	613,000	26.12%
45,000	1	25	45,000	289,000	8	649,000	30.94%
48,000	1	26	48,000	337,000	7	673,000	36.08%
51,000	1	27	51,000	388,000	6	694,000	41.54%
56,000	1	28	56,000	444,000	5	724,000	47.54%
57,000	1	29	57,000	501,000	4	729,000	53.64%
68,000	1	30	68,000	569,000	3	773,000	60.92%
95,000	1	31	95,000	664,000	2	854,000	71.09%
127,000	1	32	127,000	791,000	1	918,000	84.69%
143,000	1	33	143,000	934,000	0	934,000	100.00%

0	\$	347
1	\$	154
2	\$	39
3	\$	39
9	\$	39
12	\$	39
16	\$	46
26	\$	71
27	\$	73
31	\$	82
38	\$	99
39	\$	101
41	\$	106
45	\$	115
48	\$	122
51	\$	129
56	\$	140
57	\$	142
68	\$	165
95	\$	221
127	\$	284
143	\$	314

**\$ 2,864**

16015  
Customer Class: Commercial City w/ School Tax and KY State Sales Tax Sub 172

Meter Size: 1 1/2"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total		
0	0	0	0	0	37	0	0.00%	0	\$ -
1,000	1	1	1,000	1,000	36	37,000	0.05%	1	\$ 39
2,000	2	3	4,000	4,000	34	72,000	0.21%	2	\$ 77
4,000	4	7	16,000	20,000	30	140,000	1.04%	4	\$ 154
5,000	1	8	5,000	25,000	29	170,000	1.30%	5	\$ 39
9,000	1	9	9,000	34,000	28	286,000	1.76%	9	\$ 39
11,000	1	10	11,000	45,000	27	342,000	2.33%	11	\$ 39
12,000	1	11	12,000	57,000	26	369,000	2.96%	12	\$ 43
15,000	1	12	15,000	72,000	25	447,000	3.73%	15	\$ 46
16,000	1	13	16,000	88,000	24	472,000	4.56%	16	\$ 48
17,000	1	14	17,000	105,000	23	496,000	5.45%	17	\$ 216
42,000	2	16	84,000	189,000	21	1,071,000	9.80%	42	\$ 115
45,000	1	17	45,000	234,000	20	1,134,000	12.14%	45	\$ 131
52,000	1	18	52,000	286,000	19	1,274,000	14.83%	52	\$ 142
57,000	1	19	57,000	343,000	18	1,369,000	17.79%	57	\$ 158
65,000	1	20	65,000	408,000	17	1,513,000	21.16%	65	\$ 161
66,000	1	21	66,000	474,000	16	1,530,000	24.59%	66	\$ 329
68,000	2	23	136,000	610,000	14	1,562,000	31.64%	68	\$ 167
69,000	1	24	69,000	679,000	13	1,576,000	35.22%	69	\$ 169
70,000	1	25	70,000	749,000	12	1,589,000	38.85%	70	\$ 173
72,000	1	26	72,000	821,000	11	1,613,000	42.58%	72	\$ 179
75,000	1	27	75,000	896,000	10	1,646,000	46.47%	75	\$ 188
79,000	1	28	79,000	975,000	9	1,686,000	50.57%	79	\$ 194
82,000	1	29	82,000	1,057,000	8	1,713,000	54.82%	82	\$ 196
83,000	1	30	83,000	1,140,000	7	1,721,000	59.13%	83	\$ 430
92,000	2	32	184,000	1,324,000	5	1,784,000	68.67%	92	\$ 439
94,000	2	34	188,000	1,512,000	3	1,794,000	78.42%	94	\$ 224
96,000	1	35	96,000	1,608,000	2	1,800,000	83.40%	96	\$ 286
128,000	1	36	128,000	1,736,000	1	1,864,000	90.04%	128	\$ 409
192,000	1	37	192,000	1,928,000	0	1,928,000	100.00%	192	\$
									\$ 4,868

**Middlesboro**

First (min.) 13,000 gallons  
Next 12,000 gallons  
Next 25,000 gallons  
Next 50,000 gallons  
Next 100,000 gallons

**Proposed Rate**

\$38.54  
\$2.47  
\$2.35  
\$2.10  
\$1.92

16015  
 Customer Class: Commercial City w/ School Tax and KY State Sales Tax Sub 173

Meter Size: 1 1/2"

**Middlesboro** **Proposed Rate**  
 First (min.) 13,000 gallons \$38.54  
 Next 12,000 gallons \$2.47  
 Next 25,000 gallons \$2.35  
 Next 50,000 gallons \$2.10  
 Next 100,000 gallons \$1.92

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total		
0	0	0	0	0	44	0	0.00%	0	\$
1,000	2	2	2,000	2,000	42	44,000	0.11%	1	\$
2,000	8	10	16,000	16,000	34	84,000	0.84%	2	\$
4,000	1	11	4,000	20,000	33	152,000	1.05%	4	\$
5,000	3	14	15,000	35,000	30	185,000	1.84%	5	\$
9,000	1	15	9,000	44,000	29	305,000	2.31%	9	\$
11,000	1	16	11,000	55,000	28	363,000	2.89%	11	\$
12,000	1	17	12,000	67,000	27	391,000	3.52%	12	\$
15,000	2	19	30,000	97,000	25	472,000	5.10%	15	\$
16,000	2	21	32,000	129,000	23	497,000	6.78%	16	\$
17,000	1	22	17,000	146,000	22	520,000	7.68%	17	\$
42,000	1	23	42,000	188,000	21	1,070,000	9.88%	42	\$
45,000	1	24	45,000	233,000	20	1,133,000	12.25%	45	\$
52,000	1	25	52,000	285,000	19	1,273,000	14.98%	52	\$
57,000	1	26	57,000	342,000	18	1,368,000	17.98%	57	\$
65,000	2	28	130,000	472,000	16	1,512,000	24.82%	65	\$
66,000	1	29	66,000	538,000	15	1,528,000	28.29%	66	\$
68,000	1	30	68,000	606,000	14	1,558,000	31.86%	68	\$
69,000	1	31	69,000	675,000	13	1,572,000	35.49%	69	\$
70,000	1	32	70,000	745,000	12	1,585,000	39.17%	70	\$
72,000	2	34	144,000	889,000	10	1,609,000	46.74%	72	\$
75,000	1	35	75,000	964,000	9	1,639,000	50.68%	75	\$
79,000	1	36	79,000	1,043,000	8	1,675,000	54.84%	79	\$
82,000	1	37	82,000	1,125,000	7	1,699,000	59.15%	82	\$
83,000	1	38	83,000	1,208,000	6	1,706,000	63.51%	83	\$
92,000	2	40	184,000	1,392,000	4	1,760,000	73.19%	92	\$
94,000	1	41	94,000	1,486,000	3	1,768,000	78.13%	94	\$
96,000	1	42	96,000	1,582,000	2	1,774,000	83.18%	96	\$
128,000	1	43	128,000	1,710,000	1	1,838,000	89.91%	128	\$
192,000	1	44	192,000	1,902,000	0	1,902,000	100.00%	192	\$

\$ 5,028



16016  
 Customer Class: Commercial City w/ School Tax and KY State Sales Tax Sub 170

Meter Size: 2"

Middlesboro	Proposed Rate
First 21,400	\$59.29
Next 3,600	\$2.47
Next 25,000 gallons	\$2.35
Next 50,000 gallons	\$2.10
Over 100,000	\$1.92

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total	
0	12	12	0	0	65	0	0.00%	0
1,000	2	14	2,000	2,000	63	65,000	0.04%	1
2,000	9	23	18,000	20,000	54	128,000	0.45%	2
9,000	1	24	9,000	29,000	53	506,000	0.65%	9
11,000	1	25	11,000	40,000	52	612,000	0.89%	11
12,000	1	26	12,000	52,000	51	664,000	1.16%	12
13,000	3	29	39,000	91,000	48	715,000	2.03%	13
16,000	1	30	16,000	107,000	47	859,000	2.39%	16
17,000	2	32	34,000	141,000	45	906,000	3.15%	17
18,000	1	33	18,000	159,000	44	951,000	3.55%	18
19,000	2	35	38,000	197,000	42	995,000	4.40%	19
20,000	2	37	40,000	237,000	40	1,037,000	5.29%	20
21,000	1	38	21,000	258,000	39	1,077,000	5.76%	21
23,000	1	39	23,000	281,000	38	1,155,000	6.27%	23
24,000	3	42	72,000	353,000	35	1,193,000	7.88%	24
25,000	2	44	50,000	403,000	33	1,228,000	8.99%	25
27,000	2	46	54,000	457,000	31	1,294,000	10.20%	27
29,000	1	47	29,000	486,000	30	1,356,000	10.84%	29
31,000	1	48	31,000	517,000	29	1,416,000	11.54%	31
33,000	1	49	33,000	550,000	28	1,474,000	12.27%	33
34,000	1	50	34,000	584,000	27	1,502,000	13.03%	34
38,000	1	51	38,000	622,000	26	1,610,000	13.88%	38
43,000	1	52	43,000	665,000	25	1,740,000	14.84%	43
49,000	1	53	49,000	714,000	24	1,890,000	15.93%	49
70,000	1	54	70,000	784,000	23	2,394,000	17.49%	70
79,000	1	55	79,000	863,000	22	2,601,000	19.25%	79
98,000	1	56	98,000	961,000	21	3,019,000	21.44%	98
103,000	1	57	103,000	1,064,000	20	3,124,000	23.74%	103
106,000	2	59	212,000	1,276,000	18	3,184,000	28.47%	106
110,000	2	61	220,000	1,496,000	16	3,256,000	33.38%	110
115,000	1	62	115,000	1,611,000	15	3,336,000	35.94%	115
118,000	1	63	118,000	1,729,000	14	3,381,000	38.58%	118
123,000	1	64	123,000	1,852,000	13	3,451,000	41.32%	123
127,000	1	65	127,000	1,979,000	12	3,503,000	44.15%	127
131,000	1	66	131,000	2,110,000	11	3,551,000	47.08%	131
134,000	1	67	134,000	2,244,000	10	3,584,000	50.07%	134
137,000	1	68	137,000	2,381,000	9	3,614,000	53.12%	137
141,000	1	69	141,000	2,522,000	8	3,650,000	56.27%	141
148,000	1	70	148,000	2,670,000	7	3,706,000	59.57%	148
159,000	1	71	159,000	2,829,000	6	3,783,000	63.12%	159
168,000	1	72	168,000	2,997,000	5	3,837,000	66.87%	168
221,000	1	73	221,000	3,218,000	4	4,102,000	71.80%	221
265,000	1	74	265,000	3,483,000	3	4,278,000	77.71%	265
309,000	1	75	309,000	3,792,000	2	4,410,000	84.61%	309
331,000	1	76	331,000	4,123,000	1	4,454,000	91.99%	331
359,000	1	77	359,000	4,482,000	0	4,482,000	100.00%	359

5 11,649

16016  
 Customer Class: Commercial City w/ School Tax and KY State Sales Tax Sub 171

Meter Size: 2"

Middlesboro  
 First 21,400 \$59.29  
 Next 3,600 \$2.47  
 Next 25,000 gallons \$2.35  
 Next 50,000 gallons \$2.10  
 Over 100,000 \$1.92

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total	
0	5	5	0	0	28	0	0.00%	0
3,000	1	6	3,000	3,000	27	84,000	0.29%	3
7,000	1	7	7,000	10,000	26	192,000	0.97%	7
9,000	1	8	9,000	19,000	25	244,000	1.85%	9
12,000	1	9	12,000	31,000	24	319,000	3.02%	12
14,000	2	11	28,000	59,000	22	367,000	5.75%	14
15,000	1	12	15,000	74,000	21	389,000	7.21%	15
16,000	1	13	16,000	90,000	20	410,000	8.77%	16
20,000	3	16	60,000	150,000	17	490,000	14.62%	20
23,000	1	17	23,000	173,000	16	541,000	16.86%	23
24,000	1	18	24,000	197,000	15	557,000	19.20%	24
26,000	1	19	26,000	223,000	14	587,000	21.73%	26
34,000	1	20	34,000	257,000	13	699,000	25.05%	34
35,000	1	21	35,000	292,000	12	712,000	28.46%	35
38,000	1	22	38,000	330,000	11	748,000	32.16%	38
42,000	1	23	42,000	372,000	10	792,000	36.26%	42
43,000	1	24	43,000	415,000	9	802,000	40.45%	43
44,000	1	25	44,000	459,000	8	811,000	44.74%	44
46,000	1	26	46,000	505,000	7	827,000	49.22%	46
47,000	1	27	47,000	552,000	6	834,000	53.80%	47
48,000	1	28	48,000	600,000	5	840,000	58.48%	48
50,000	1	29	50,000	650,000	4	850,000	63.35%	50
55,000	1	30	55,000	705,000	3	870,000	68.71%	55
70,000	1	31	70,000	775,000	2	915,000	75.54%	70
105,000	1	32	105,000	880,000	1	985,000	85.77%	105
146,000	1	33	146,000	1,026,000	0	1,026,000	100.00%	146

\$ 3,114

16016  
Customer Class: Commercial City w/ School Tax and KY State Sales Tax Sub 172

Meter Size: 2"

Middleboro	Proposed Rate
First 21,400	\$59.29
Next 3,600	\$2.47
Next 25,000 gallons	\$2.35
Next 50,000 gallons	\$2.10
Over 100,000	\$1.92

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total			
0	11	11	0	0	88	0	0.00%	0	\$	652
9,000	1	12	9,000	9,000	87	792,000	0.14%	9	\$	59
10,000	4	16	40,000	49,000	83	879,000	0.74%	10	\$	237
11,000	3	19	33,000	82,000	80	962,000	1.25%	11	\$	178
12,000	3	22	36,000	118,000	77	1,042,000	1.79%	12	\$	178
13,000	4	26	52,000	170,000	73	1,119,000	2.58%	13	\$	237
14,000	4	30	56,000	226,000	69	1,192,000	3.43%	14	\$	237
15,000	1	31	15,000	241,000	68	1,261,000	3.66%	15	\$	59
16,000	1	32	16,000	257,000	67	1,329,000	3.90%	16	\$	59
17,000	1	33	17,000	274,000	66	1,396,000	4.16%	17	\$	59
21,000	2	35	42,000	316,000	64	1,660,000	4.80%	21	\$	119
23,000	2	37	46,000	362,000	62	1,788,000	5.50%	23	\$	126
26,000	5	42	130,000	492,000	57	1,974,000	7.47%	26	\$	353
27,000	3	45	81,000	573,000	54	2,031,000	8.70%	27	\$	219
28,000	1	46	28,000	601,000	53	2,085,000	9.13%	28	\$	75
29,000	1	47	29,000	630,000	52	2,138,000	9.57%	29	\$	78
30,000	4	51	120,000	750,000	48	2,190,000	11.39%	30	\$	320
31,000	3	54	93,000	843,000	45	2,238,000	12.80%	31	\$	247
32,000	2	56	64,000	907,000	43	2,283,000	13.77%	32	\$	169
33,000	3	59	99,000	1,006,000	40	2,326,000	15.28%	33	\$	261
35,000	1	60	35,000	1,041,000	39	2,406,000	15.81%	35	\$	92
36,000	2	62	72,000	1,113,000	37	2,445,000	16.90%	36	\$	188
37,000	1	63	37,000	1,150,000	36	2,482,000	17.46%	37	\$	96
40,000	1	64	40,000	1,190,000	35	2,590,000	18.07%	40	\$	103
43,000	1	65	43,000	1,233,000	34	2,695,000	18.72%	43	\$	110
51,000	1	66	51,000	1,284,000	33	2,967,000	19.50%	51	\$	129
56,000	1	67	56,000	1,340,000	32	3,132,000	20.35%	56	\$	140
63,000	1	68	63,000	1,403,000	31	3,356,000	21.31%	63	\$	154
69,000	1	69	69,000	1,472,000	30	3,542,000	22.35%	69	\$	167
73,000	1	70	73,000	1,545,000	29	3,662,000	23.46%	73	\$	175
75,000	1	71	75,000	1,620,000	28	3,720,000	24.60%	75	\$	179
76,000	1	72	76,000	1,696,000	27	3,748,000	25.76%	76	\$	182
84,000	1	73	84,000	1,780,000	26	3,964,000	27.03%	84	\$	198
85,000	1	74	85,000	1,865,000	25	3,990,000	28.32%	85	\$	200
89,000	1	75	89,000	1,954,000	24	4,090,000	29.67%	89	\$	209
101,000	1	76	101,000	2,055,000	23	4,378,000	31.21%	101	\$	234
104,000	1	77	104,000	2,159,000	22	4,447,000	32.79%	104	\$	240
148,000	1	78	148,000	2,307,000	21	5,415,000	35.03%	148	\$	324
149,000	1	79	149,000	2,456,000	20	5,436,000	37.30%	149	\$	326
155,000	1	80	155,000	2,611,000	19	5,556,000	39.65%	155	\$	338
156,000	1	81	156,000	2,767,000	18	5,575,000	42.02%	156	\$	339
167,000	2	83	334,000	3,101,000	16	5,773,000	47.09%	167	\$	721
169,000	1	84	169,000	3,270,000	15	5,805,000	49.66%	169	\$	364
176,000	1	85	176,000	3,446,000	14	5,910,000	52.33%	176	\$	378
178,000	1	86	178,000	3,624,000	13	5,938,000	55.03%	178	\$	382
183,000	1	87	183,000	3,807,000	12	6,003,000	57.81%	183	\$	391
191,000	1	88	191,000	3,998,000	11	6,099,000	60.71%	191	\$	407
205,000	1	89	205,000	4,203,000	10	6,253,000	63.83%	205	\$	434
211,000	1	90	211,000	4,414,000	9	6,313,000	67.03%	211	\$	445
216,000	1	91	216,000	4,630,000	8	6,358,000	70.31%	216	\$	455
218,000	1	92	218,000	4,848,000	7	6,374,000	73.62%	218	\$	458
233,000	1	93	233,000	5,081,000	6	6,479,000	77.16%	233	\$	487
241,000	1	94	241,000	5,322,000	5	6,527,000	80.82%	241	\$	503
249,000	1	95	249,000	5,571,000	4	6,567,000	84.60%	249	\$	518
253,000	2	97	506,000	6,077,000	2	6,583,000	92.29%	253	\$	1,051
254,000	2	99	508,000	6,585,000	0	6,585,000	100.00%	254	\$	1,055
									\$	16,096

16016  
Customer Class: Commercial City w/ School Tax and KY State Sales Tax Sub 173

Meter Size: 2"

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Consumption Level	Number of Bills	Cumulative Bills	Gallons Consumed (1) X (2)	Cumulative Gallons	Reversed Bills	Consolidated Factor [(1)X(6)]+(5)]	Percentage of Total
0	0	0	0	0	55	0	0.00%
12,000	2	2	24,000	24,000	53	660,000	0.54%
14,000	2	4	28,000	52,000	51	766,000	1.18%
15,000	2	6	30,000	82,000	49	817,000	1.86%
16,000	1	7	16,000	98,000	48	866,000	2.22%
19,000	2	9	38,000	136,000	46	1,010,000	3.08%
20,000	3	12	60,000	196,000	43	1,056,000	4.43%
22,000	1	13	22,000	218,000	42	1,142,000	4.93%
24,000	3	16	72,000	290,000	39	1,226,000	6.56%
26,000	2	18	52,000	342,000	37	1,304,000	7.74%
28,000	1	19	28,000	370,000	36	1,378,000	8.37%
29,000	3	22	87,000	457,000	33	1,414,000	10.34%
31,000	2	24	62,000	519,000	31	1,480,000	11.74%
33,000	1	25	33,000	552,000	30	1,542,000	12.49%
34,000	1	26	34,000	586,000	29	1,572,000	13.26%
35,000	2	28	70,000	656,000	27	1,601,000	14.84%
38,000	1	29	38,000	694,000	26	1,682,000	15.70%
40,000	1	30	40,000	734,000	25	1,734,000	16.61%
41,000	1	31	41,000	775,000	24	1,759,000	17.53%
42,000	1	32	42,000	817,000	23	1,783,000	18.48%
52,000	1	33	52,000	869,000	22	2,013,000	19.66%
68,000	1	34	68,000	937,000	21	2,365,000	21.20%
72,000	1	35	72,000	1,009,000	20	2,449,000	22.83%
74,000	1	36	74,000	1,083,000	19	2,489,000	24.50%
79,000	1	37	79,000	1,162,000	18	2,584,000	26.29%
80,000	1	38	80,000	1,242,000	17	2,602,000	28.10%
82,000	1	39	82,000	1,324,000	16	2,636,000	29.95%
85,000	1	40	85,000	1,409,000	15	2,684,000	31.88%
98,000	1	41	98,000	1,507,000	14	2,879,000	34.10%
99,000	1	42	99,000	1,606,000	13	2,893,000	36.33%
101,000	1	43	101,000	1,707,000	12	2,919,000	38.62%
117,000	1	44	117,000	1,824,000	11	3,111,000	41.27%
207,000	1	45	207,000	2,031,000	10	4,101,000	45.95%
218,000	1	46	218,000	2,249,000	9	4,211,000	50.88%
225,000	1	47	225,000	2,474,000	8	4,274,000	55.97%
231,000	1	48	231,000	2,705,000	7	4,322,000	61.20%
234,000	1	49	234,000	2,939,000	6	4,343,000	66.49%
237,000	1	50	237,000	3,176,000	5	4,361,000	71.86%
239,000	1	51	239,000	3,415,000	4	4,371,000	77.26%
243,000	2	53	486,000	3,901,000	2	4,387,000	88.26%
255,000	1	54	255,000	4,156,000	1	4,411,000	94.03%
264,000	1	55	264,000	4,420,000	0	4,420,000	100.00%

Middlesboro	Proposed Rate
First 21,400	\$59.29
Next 3,600	\$2.47
Next 25,000 gallons	\$2.35
Next 50,000 gallons	\$2.10
Over 100,000	\$1.92

0	\$	-
12	\$	119
14	\$	119
15	\$	119
16	\$	59
19	\$	119
20	\$	178
22	\$	61
24	\$	197
26	\$	141
28	\$	75
29	\$	233
31	\$	165
33	\$	87
34	\$	89
35	\$	183
38	\$	99
40	\$	103
41	\$	106
42	\$	108
52	\$	131
68	\$	165
72	\$	173
74	\$	177
79	\$	188
80	\$	190
82	\$	194
85	\$	200
98	\$	228
99	\$	230
101	\$	234
117	\$	265
207	\$	437
218	\$	458
225	\$	472
231	\$	483
234	\$	489
237	\$	495
239	\$	499
243	\$	1,013
255	\$	530
264	\$	547

\$ 10,157

16017  
 Customer Class: Commercial City w/ School Tax and KY State Sales Tax Sub 170

Meter Size: 3"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total
0	0	0	0	0	11	0	0.00%
14,000	1	1	14,000	14,000	10	154,000	6.76%
15,000	1	2	15,000	29,000	9	164,000	14.01%
16,000	2	4	32,000	61,000	7	173,000	29.47%
18,000	1	5	18,000	79,000	6	187,000	38.16%
19,000	3	8	57,000	136,000	3	193,000	65.70%
20,000	2	10	40,000	176,000	1	196,000	85.02%
31,000	1	11	31,000	207,000	0	207,000	100.00%

Middlesboro  
 First 68,400  
 Next 31,600  
 Over 100,000

Proposed Rate  
 \$165.57  
 \$2.10  
 \$1.92

0	\$	-
14	\$	166
15	\$	166
18	\$	331
18	\$	166
19	\$	497
20	\$	331
31	\$	166
	\$	1,821

16017  
 Customer Class: Commercial City w/ School Tax and KY State Sales Tax Sub 172

Meter Size: 3"

**Middlesboro**  
 First 68,400  
 Next 31,600  
 Over 100,000

**Proposed Rate**  
 \$165.57  
 \$2.10  
 \$1.92

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		
Consumption Level	Number of Bills	Cumulative Bills	Gallons Consumed (1) X (2)	Cumulative Gallons	Reversed Bills	Consolidated Factor [(1)X(6)]+(5)]	Percentage of Total		
0	0	0	0	0	22	0	0.00%	0	\$ -
77,000	1	1	77,000	77,000	21	1,694,000	2.53%	77	\$ 184
78,000	1	2	78,000	155,000	20	1,715,000	5.09%	78	\$ 186
82,000	1	3	82,000	237,000	19	1,795,000	7.78%	82	\$ 194
83,000	1	4	83,000	320,000	18	1,814,000	10.50%	83	\$ 196
84,000	1	5	84,000	404,000	17	1,832,000	13.26%	84	\$ 198
85,000	1	6	85,000	489,000	16	1,849,000	16.05%	85	\$ 200
88,000	1	7	88,000	577,000	15	1,897,000	18.94%	88	\$ 207
92,000	1	8	92,000	669,000	14	1,957,000	21.96%	92	\$ 215
105,000	1	9	105,000	774,000	13	2,139,000	25.40%	105	\$ 242
116,000	1	10	116,000	890,000	12	2,282,000	29.21%	116	\$ 266
124,000	1	11	124,000	1,014,000	11	2,378,000	33.28%	124	\$ 282
142,000	1	12	142,000	1,156,000	10	2,576,000	37.94%	142	\$ 320
161,000	1	13	161,000	1,317,000	9	2,766,000	43.22%	161	\$ 360
163,000	1	14	163,000	1,480,000	8	2,784,000	48.57%	163	\$ 364
171,000	1	15	171,000	1,651,000	7	2,848,000	54.18%	171	\$ 381
190,000	1	16	190,000	1,841,000	6	2,981,000	60.42%	190	\$ 421
192,000	1	17	192,000	2,033,000	5	2,993,000	66.72%	192	\$ 425
195,000	1	18	195,000	2,228,000	4	3,008,000	73.12%	195	\$ 431
196,000	2	20	392,000	2,620,000	2	3,012,000	85.99%	196	\$ 867
205,000	1	21	205,000	2,825,000	1	3,030,000	92.71%	205	\$ 452
222,000	1	22	222,000	3,047,000	0	3,047,000	100.00%	222	\$ 488
									\$ 6,881

16018  
 Customer Class: Commercial City w/ School Tax and KY State Sales Tax Sub 172

Meter Size: 4"

Middlesboro  
 First 127,500  
 Over 127,500

Proposed Rate  
 \$284.73  
 \$1.92

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]÷(5)	(8) Percentage of Total
0	0	0	0	0	11	0	0.00%
110,000	1	1	110,000	110,000	10	1,210,000	6.63%
121,000	1	2	121,000	231,000	9	1,320,000	13.92%
122,000	1	3	122,000	353,000	8	1,329,000	21.28%
123,000	1	4	123,000	476,000	7	1,337,000	28.69%
125,000	1	5	125,000	601,000	6	1,351,000	36.23%
128,000	1	6	128,000	729,000	5	1,369,000	43.94%
165,000	1	7	165,000	894,000	4	1,554,000	53.89%
175,000	1	8	175,000	1,069,000	3	1,594,000	64.44%
185,000	1	9	185,000	1,254,000	2	1,624,000	75.59%
190,000	1	10	190,000	1,444,000	1	1,634,000	87.04%
215,000	1	11	215,000	1,659,000	0	1,659,000	100.00%

0  
110  
121  
122  
123  
125  
128  
185  
175  
185  
190  
215

\$ -  
\$ 285  
\$ 285  
\$ 285  
\$ 285  
\$ 285  
\$ 286  
\$ 357  
\$ 376  
\$ 395  
\$ 405  
\$ 453

\$	3,695
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16019  
 Customer Class: Commercial City w/ School Tax and KY State Sales Tax Sub 170

Meter Size: 6"

Middlesboro  
 First 281,500  
 Over 281,500

Proposed Rate  
 \$580.41  
 \$1.92

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		
Consumption Level	Number of Bills	Cumulative Bills	Gallons Consumed (1) X (2)	Cumulative Gallons	Reversed Bills	Consolidated Factor [(1)X(6)]+(5)]	Percentage of Total		
0	0	0	0	0	22	0	0.00%	0	\$ -
24,000	2	2	48,000	48,000	20	528,000	2.16%	24	\$ 1,161
33,000	1	3	33,000	81,000	19	708,000	3.65%	33	\$ 580
34,000	1	4	34,000	115,000	18	727,000	5.18%	34	\$ 580
44,000	1	5	44,000	159,000	17	907,000	7.17%	44	\$ 580
49,000	1	6	49,000	208,000	16	992,000	9.37%	49	\$ 580
55,000	1	7	55,000	263,000	15	1,088,000	11.85%	55	\$ 580
56,000	1	8	56,000	319,000	14	1,103,000	14.38%	56	\$ 580
62,000	2	10	124,000	443,000	12	1,187,000	19.96%	62	\$ 1,161
73,000	1	11	73,000	516,000	11	1,319,000	23.25%	73	\$ 580
118,000	1	12	118,000	634,000	10	1,814,000	28.57%	118	\$ 580
121,000	1	13	121,000	755,000	9	1,844,000	34.02%	121	\$ 580
136,000	1	14	136,000	891,000	8	1,979,000	40.15%	136	\$ 580
138,000	1	15	138,000	1,029,000	7	1,995,000	46.37%	138	\$ 580
145,000	1	16	145,000	1,174,000	6	2,044,000	52.91%	145	\$ 580
153,000	1	17	153,000	1,327,000	5	2,092,000	59.80%	153	\$ 580
156,000	1	18	156,000	1,483,000	4	2,107,000	66.83%	156	\$ 580
166,000	1	19	166,000	1,649,000	3	2,147,000	74.31%	166	\$ 580
167,000	1	20	167,000	1,816,000	2	2,150,000	81.84%	167	\$ 580
192,000	1	21	192,000	2,008,000	1	2,200,000	90.49%	192	\$ 580
211,000	1	22	211,000	2,219,000	0	2,219,000	100.00%	211	\$ 580
									<b>\$ 12,769</b>



16031  
Customer Class: Residential County w/ School Tax Sub 170

Meter Size: 5/8"

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Consumption Level	Number of Bills	Cumulative Bills	Gallons Consumed (1) X (2)	Cumulative Gallons	Reversed Bills	Consolidated Factor [(1)X(6)]+(5)	Percentage of Total
0	37	37	0	0	786	0	0.00%
1,000	118	153	116,000	116,000	670	786,000	2.53%
2,000	141	294	282,000	398,000	529	1,456,000	8.67%
3,000	122	416	366,000	764,000	407	1,985,000	16.65%
4,000	98	514	392,000	1,156,000	309	2,392,000	25.19%
5,000	90	604	450,000	1,606,000	219	2,701,000	35.00%
6,000	55	659	330,000	1,936,000	164	2,920,000	42.19%
7,000	34	693	238,000	2,174,000	130	3,084,000	47.37%
8,000	23	716	184,000	2,358,000	107	3,214,000	51.38%
9,000	22	738	198,000	2,556,000	85	3,321,000	55.70%
10,000	23	761	230,000	2,786,000	62	3,406,000	60.71%
11,000	16	777	176,000	2,962,000	46	3,468,000	64.55%
12,000	9	786	108,000	3,070,000	37	3,514,000	66.90%
13,000	3	789	39,000	3,109,000	34	3,551,000	67.75%
14,000	4	793	56,000	3,165,000	30	3,585,000	68.97%
15,000	5	798	75,000	3,240,000	25	3,615,000	70.60%
16,000	4	802	64,000	3,304,000	21	3,640,000	72.00%
17,000	3	805	51,000	3,355,000	18	3,661,000	73.11%
18,000	1	806	18,000	3,373,000	17	3,679,000	73.50%
26,000	1	807	26,000	3,399,000	16	3,815,000	74.07%
35,000	1	808	35,000	3,434,000	15	3,959,000	74.83%
40,000	1	809	40,000	3,474,000	14	4,034,000	75.70%
41,000	1	810	41,000	3,515,000	13	4,048,000	76.60%
44,000	1	811	44,000	3,559,000	12	4,087,000	77.56%
46,000	1	812	46,000	3,605,000	11	4,111,000	78.56%
63,000	1	813	63,000	3,668,000	10	4,298,000	79.93%
68,000	1	814	68,000	3,736,000	9	4,348,000	81.41%
83,000	1	815	83,000	3,819,000	8	4,483,000	83.22%
85,000	1	816	85,000	3,904,000	7	4,499,000	85.07%
89,000	1	817	89,000	3,993,000	6	4,527,000	87.01%
91,000	1	818	91,000	4,084,000	5	4,539,000	89.00%
92,000	1	819	92,000	4,176,000	4	4,544,000	91.00%
98,000	1	820	98,000	4,274,000	3	4,568,000	93.14%
101,000	1	821	101,000	4,375,000	2	4,577,000	95.34%
106,000	1	822	106,000	4,481,000	1	4,587,000	97.65%
108,000	1	823	108,000	4,589,000	0	4,589,000	100.00%

**Middlesboro**  
First 1,000 gallons  
Next 9,000 gallons  
Next 15,000 gallons  
Next 25,000 gallons  
Next 50,000 gallons  
Next 100,000 gallons

**Proposed Rate**  
\$6.74  
\$2.71  
\$2.47  
\$2.35  
\$2.10  
\$1.92

\$	249
\$	782
\$	1,332
\$	1,484
\$	1,457
\$	1,582
\$	1,116
\$	782
\$	591
\$	625
\$	716
\$	538
\$	325
\$	116
\$	164
\$	217
\$	184
\$	145
\$	51
\$	71
\$	92
\$	103
\$	106
\$	113
\$	118
\$	154
\$	165
\$	196
\$	200
\$	209
\$	213
\$	215
\$	228
\$	234
\$	243
\$	247
\$	15,363

16031  
Customer Class: Residential County w/ School Tax Sub 171

Meter Size: 5/8"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]÷(5)	(8) Percentage of Total	
0	17	17	0	0	283	0	0.00%	0
1,000	11	28	11,000	11,000	272	283,000	0.71%	1
2,000	34	62	68,000	79,000	238	555,000	5.10%	2
3,000	41	103	123,000	202,000	197	793,000	13.04%	3
4,000	38	141	152,000	354,000	159	990,000	22.85%	4
5,000	42	183	210,000	564,000	117	1,149,000	36.41%	5
6,000	43	226	258,000	822,000	74	1,266,000	53.07%	6
7,000	24	250	168,000	990,000	50	1,340,000	63.91%	7
8,000	13	263	104,000	1,094,000	37	1,390,000	70.63%	8
9,000	8	271	72,000	1,166,000	29	1,427,000	75.27%	9
10,000	7	278	70,000	1,236,000	22	1,456,000	79.79%	10
11,000	4	282	44,000	1,280,000	18	1,478,000	82.63%	11
12,000	7	289	84,000	1,364,000	11	1,496,000	88.06%	12
13,000	2	291	26,000	1,390,000	9	1,507,000	89.74%	13
14,000	3	294	42,000	1,432,000	6	1,516,000	92.45%	14
17,000	1	295	17,000	1,449,000	5	1,534,000	93.54%	17
18,000	2	297	36,000	1,485,000	3	1,539,000	95.87%	18
21,000	2	299	42,000	1,527,000	1	1,548,000	98.58%	21
22,000	1	300	22,000	1,549,000	0	1,549,000	100.00%	22

Middlesboro	Proposed Rate
First 1,000 gallons	\$6.74
Next 9,000 gallons	\$2.71
Next 15,000 gallons	\$2.47
Next 25,000 gallons	\$2.35
Next 50,000 gallons	\$2.10
Next 100,000 gallons	\$1.92

\$	115
\$	74
\$	321
\$	499
\$	565
\$	738
\$	872
\$	552
\$	334
\$	227
\$	218
\$	134
\$	252
\$	77
\$	123
\$	48
\$	102
\$	117
\$	61
\$ 5,431	

16031  
Customer Class: Residential County w/ School Tax Sub 172

Meter Size: 5/8"

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Consumption Level	Number of Bills	Cumulative Bills	Gallons Consumed (1) X (2)	Cumulative Gallons	Reversed Bills	Consolidated Factor [(1)X(6)]+(5)]	Percentage of Total
0	173	173	0	0	2,248	0	0.00%
1,000	193	366	193,000	193,000	2,055	2,248,000	1.59%
2,000	344	710	688,000	881,000	1,711	4,303,000	7.26%
3,000	389	1,099	1,167,000	2,048,000	1,322	6,014,000	16.88%
4,000	355	1,454	1,420,000	3,468,000	967	7,336,000	28.59%
5,000	262	1,716	1,310,000	4,778,000	705	8,303,000	39.39%
6,000	185	1,901	1,110,000	5,888,000	520	9,008,000	48.54%
7,000	138	2,039	966,000	6,854,000	382	9,528,000	56.50%
8,000	94	2,133	752,000	7,606,000	288	9,910,000	62.70%
9,000	70	2,203	630,000	8,236,000	218	10,198,000	67.89%
10,000	41	2,244	410,000	8,646,000	177	10,416,000	71.27%
11,000	36	2,280	396,000	9,042,000	141	10,593,000	74.54%
12,000	24	2,304	288,000	9,330,000	117	10,734,000	76.91%
13,000	22	2,326	286,000	9,616,000	95	10,851,000	79.27%
14,000	6	2,332	84,000	9,700,000	89	10,946,000	79.96%
15,000	8	2,340	120,000	9,820,000	81	11,035,000	80.95%
16,000	6	2,346	96,000	9,916,000	75	11,116,000	81.74%
17,000	11	2,357	187,000	10,103,000	64	11,191,000	83.28%
18,000	6	2,363	108,000	10,211,000	58	11,255,000	84.17%
19,000	4	2,367	76,000	10,287,000	54	11,313,000	84.80%
20,000	5	2,372	100,000	10,387,000	49	11,367,000	85.62%
21,000	3	2,375	63,000	10,450,000	46	11,416,000	86.14%
22,000	2	2,377	44,000	10,494,000	44	11,462,000	86.51%
23,000	7	2,384	161,000	10,655,000	37	11,506,000	87.83%
24,000	2	2,386	48,000	10,703,000	15	11,543,000	88.23%
25,000	3	2,389	75,000	10,778,000	32	11,578,000	88.85%
26,000	2	2,391	52,000	10,830,000	30	11,610,000	89.28%
28,000	5	2,396	140,000	10,970,000	25	11,670,000	90.43%
30,000	1	2,397	30,000	11,000,000	24	11,720,000	90.68%
32,000	2	2,399	64,000	11,064,000	22	11,768,000	91.20%
33,000	2	2,401	66,000	11,130,000	20	11,790,000	91.75%
34,000	2	2,403	68,000	11,198,000	18	11,810,000	92.31%
35,000	2	2,405	70,000	11,268,000	16	11,828,000	92.89%
36,000	1	2,406	36,000	11,304,000	15	11,844,000	93.18%
37,000	2	2,408	74,000	11,378,000	13	11,859,000	93.79%
40,000	2	2,410	80,000	11,458,000	11	11,898,000	94.45%
41,000	1	2,411	41,000	11,499,000	10	11,909,000	94.79%
43,000	1	2,412	43,000	11,542,000	9	11,929,000	95.14%
45,000	2	2,414	90,000	11,632,000	7	11,947,000	95.89%
49,000	2	2,416	98,000	11,730,000	5	11,975,000	96.69%
52,000	2	2,418	104,000	11,834,000	3	11,990,000	97.55%
54,000	1	2,419	54,000	11,888,000	2	11,996,000	98.00%
60,000	1	2,420	60,000	11,948,000	1	12,008,000	98.49%
183,000	1	2,421	183,000	12,131,000	0	12,131,000	100.00%

Middlesboro	Proposed Rate
First 1,000 gallons	\$6.74
Next 9,000 gallons	\$2.71
Next 15,000 gallons	\$2.47
Next 25,000 gallons	\$2.35
Next 50,000 gallons	\$2.10
Next 100,000 gallons	\$1.92

0	\$	1,166
1	\$	1,301
2	\$	3,251
3	\$	4,730
4	\$	5,279
5	\$	4,606
6	\$	3,754
7	\$	3,174
8	\$	2,417
9	\$	1,989
10	\$	1,276
11	\$	1,210
12	\$	866
13	\$	848
14	\$	246
15	\$	348
16	\$	276
17	\$	533
18	\$	305
19	\$	213
20	\$	279
21	\$	175
22	\$	122
23	\$	443
24	\$	131
25	\$	205
26	\$	141
28	\$	376
30	\$	80
32	\$	169
33	\$	174
34	\$	179
35	\$	183
36	\$	94
37	\$	193
40	\$	207
41	\$	106
43	\$	110
45	\$	230
49	\$	249
52	\$	262
54	\$	135
60	\$	148
183	\$	391

\$ 42,570

16031  
Customer Class: Residential County w/ School Tax Sub 173

Meter Size: 5/8"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]÷(5)	(8) Percentage of Total
0	218	218	0	0	3,833	0	0.00%
1,000	531	749	531,000	531,000	3,302	3,833,000	3.25%
2,000	678	1,427	1,356,000	1,887,000	2,624	7,135,000	11.54%
3,000	604	2,031	1,812,000	3,699,000	2,020	9,759,000	22.63%
4,000	585	2,616	2,340,000	6,039,000	1,435	11,779,000	36.95%
5,000	452	3,068	2,260,000	8,299,000	983	13,214,000	50.77%
6,000	362	3,430	2,172,000	10,471,000	621	14,197,000	64.06%
7,000	211	3,641	1,477,000	11,948,000	410	14,818,000	73.10%
8,000	147	3,788	1,176,000	13,124,000	263	15,228,000	80.29%
9,000	70	3,858	630,000	13,754,000	193	15,491,000	84.15%
10,000	56	3,914	560,000	14,314,000	137	15,684,000	87.57%
11,000	44	3,958	484,000	14,798,000	93	15,821,000	90.54%
12,000	23	3,981	276,000	15,074,000	70	15,914,000	92.22%
13,000	14	3,995	182,000	15,256,000	56	15,984,000	93.34%
14,000	16	4,011	224,000	15,480,000	40	16,040,000	94.71%
15,000	9	4,020	135,000	15,615,000	31	16,080,000	95.53%
16,000	9	4,029	144,000	15,759,000	22	16,111,000	96.41%
17,000	3	4,032	51,000	15,810,000	19	16,133,000	96.73%
18,000	2	4,034	36,000	15,846,000	17	16,152,000	96.95%
19,000	1	4,035	19,000	15,865,000	16	16,169,000	97.06%
20,000	2	4,037	40,000	15,905,000	14	16,185,000	97.31%
22,000	1	4,038	22,000	15,927,000	13	16,213,000	97.44%
23,000	1	4,039	23,000	15,950,000	12	16,226,000	97.58%
24,000	1	4,040	24,000	15,974,000	11	16,238,000	97.73%
27,000	2	4,042	54,000	16,028,000	9	16,271,000	98.06%
29,000	1	4,043	29,000	16,057,000	8	16,289,000	98.24%
31,000	1	4,044	31,000	16,088,000	7	16,305,000	98.43%
32,000	1	4,045	32,000	16,120,000	6	16,312,000	98.62%
33,000	1	4,046	33,000	16,153,000	5	16,318,000	98.83%
34,000	2	4,048	68,000	16,221,000	3	16,323,000	99.24%
35,000	1	4,049	35,000	16,256,000	2	16,326,000	99.46%
37,000	1	4,050	37,000	16,293,000	1	16,330,000	99.68%
52,000	1	4,051	52,000	16,345,000	0	16,345,000	100.00%

Middlesboro	Proposed Rate
First 1,000 gallons	\$6.74
Next 9,000 gallons	\$2.71
Next 15,000 gallons	\$2.47
Next 25,000 gallons	\$2.35
Next 50,000 gallons	\$2.10
Next 100,000 gallons	\$1.92

0	\$	1.469
1	\$	3.579
2	\$	6.407
3	\$	7.345
4	\$	8.699
5	\$	7.946
6	\$	7.345
7	\$	4.853
8	\$	3.779
9	\$	1.989
10	\$	1.743
11	\$	1.478
12	\$	830
13	\$	540
14	\$	656
15	\$	391
16	\$	414
17	\$	145
18	\$	102
19	\$	53
20	\$	112
22	\$	61
23	\$	63
24	\$	66
27	\$	146
29	\$	78
31	\$	82
32	\$	85
33	\$	87
34	\$	179
35	\$	92
37	\$	96
52	\$	131

\$	61,041
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16033  
 Customer Class: Residential County w/ School Tax Sub 170

Meter Size: 1"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total
0	0	0	0	0	22	0	0.00%
4,000	1	1	4,000	4,000	21	88,000	2.31%
5,000	2	3	10,000	14,000	19	109,000	8.09%
10,000	5	8	50,000	64,000	14	204,000	36.99%
7,000	7	15	49,000	113,000	7	162,000	65.32%
8,000	4	19	32,000	145,000	3	169,000	83.82%
9,000	2	21	18,000	163,000	1	172,000	94.22%
10,000	1	22	10,000	173,000	0	173,000	100.00%

0  
4  
5  
6  
7  
8  
9  
10

<u>Middesboro</u>	<u>Proposed Rate</u>
First 6,000 gallons	\$ 20.29
Next 4,000 gallons	\$ 2.71
Next 15,000 gallons	\$ 2.47
Next 25,000 gallons	\$ 2.35
Next 50,000 gallons	\$ 2.10
Next 100,000 gallons	\$ 1.92

\$	-
\$	20
\$	41
\$	156
\$	161
\$	103
\$	57
\$	31
<b>\$ 568</b>	

16037  
 Customer Class: Commercial City Sprinkler Sub 170

Meter Size: N/A

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total
0	99	99	0	0	0	0	100.00%

0 1485

16037  
 Customer Class: Commercial City Sprinkler Sub 171

Meter Size: N/A

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total
330,000	22	22	7,260,000	7,260,000	0	7,260,000	100.00%

330

16037  
 Customer Class: Commercial City Sprinkler Sub 172

Meter Size: N/A

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total		
0	88	88	0	0	0	0	100.00%	0	1320



16037  
 Customer Class: Commercial City Sprinkler Sub 173

Meter Size: N/A

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total
495,000	33	33	16,335,000	16,335,000	0	16,335,000	100.00%

495

16039  
 Customer Class: Industrial City Sprinkler Tax Exempt Sub 170

Meter Size: N/A

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total
330,000	22	22	7,260,000	7,260,000	0	7,260,000	100.00%

330

16039  
 Customer Class: Industrial City Sprinkler Tax Exempt Sub 171

Meter Size: N/A

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total
165,000	11	11	1,815,000	1,815,000	0	1,815,000	100.00%

165

16040  
 Customer Class: Commercial City Special Sub 171

Meter Size: N/A

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total
660,000	22	22	14,520,000	14,520,000	0	14,520,000	100.00%

660

16040  
 Customer Class: Commercial City Special Sub 173

Meter Size: N/A

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total
330,000	11	11	3,630,000	3,630,000	0	3,630,000	100.00%

330

16041

Customer Class: Commercial County w/ School Tax and KY State Sales Tax Sub 171

Meter Size: 5/8"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total
0	11	11	0	0	0	0	#DIV/0! 0

**Middlesboro**

First 1,000 gallons  
 Next 9,000 gallons  
 Next 15,000 gallons  
 Next 25,000 gallons  
 Next 50,000 gallons  
 Next 100,000 gallons

**Proposed Rate**

\$6.74  
 \$2.71  
 \$2.47  
 \$2.35  
 \$2.10  
 \$1.92

\$ 74

\$ 74

16041

Customer Class: Commercial County w/ School Tax and KY State Sales Tax Sub 172

Meter Size: 5/8"

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Consumption Level	Number of Bills	Cumulative Bills	Gallons Consumed (1) X (2)	Cumulative Gallons	Reversed Bills	Consolidated Factor [(1)X(6)]+(5)	Percentage of Total
0	0	0	0	0	8	0	0.00%
1,000	2	2	2,000	2,000	6	8,000	9.52%
8,000	2	4	16,000	16,000	4	48,000	76.19%
9,000	1	5	9,000	9,000	3	36,000	42.86%
13,000	1	6	13,000	13,000	2	39,000	61.90%
17,000	1	7	17,000	17,000	1	34,000	80.95%
21,000	1	8	21,000	21,000	0	21,000	100.00%

Middlesboro	Proposed Rate
First 1,000 gallons	\$6.74
Next 9,000 gallons	\$2.71
Next 15,000 gallons	\$2.47
Next 25,000 gallons	\$2.35
Next 50,000 gallons	\$2.10
Next 100,000 gallons	\$1.92

0	\$	-
1	\$	13
8	\$	51
9	\$	28
13	\$	39
17	\$	48
21	\$	58

\$	239
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16041  
 Customer Class: Commercial County w/ School Tax and KY State Sales Tax Sub 173

Meter Size: 5/8"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total
0	231	231	0	0	0	0	#DIV/0!

<u>Middlesboro</u>	<u>Proposed Rate</u>
First 1,000 gallons	\$6.74
Next 9,000 gallons	\$2.71
Next 15,000 gallons	\$2.47
Next 25,000 gallons	\$2.35
Next 50,000 gallons	\$2.10
Next 100,000 gallons	\$1.92

\$ 1,557  
\$ 1,557



16043

Customer Class: Commercial County w/ School Tax and KY State Sales Tax Sub 170

Meter Size: 1"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total
0	0	0	0	0	11	0	0.00%
10,000	1	1	10,000	10,000	10	110,000	5.43%
11,000	2	3	22,000	32,000	8	120,000	17.39%
12,000	1	4	12,000	44,000	7	128,000	23.91%
14,000	2	6	28,000	72,000	5	142,000	39.13%
15,000	2	8	30000	102,000	3	147,000	55.43%
17,000	1	9	17000	119,000	2	153,000	64.67%
24,000	1	10	24000	143,000	1	167,000	77.72%
41,000	1	11	41000	184,000	0	184,000	100.00%

Middlesboro	Proposed Rate
First 6,000 gallons	\$ 20.29
Next 4,000 gallons	\$ 2.71
Next 15,000 gallons	\$ 2.47
Next 25,000 gallons	\$ 2.35
Next 50,000 gallons	\$ 2.10
Next 100,000 gallons	\$ 1.92

0	\$ -
10	\$ 31
11	\$ 94
12	\$ 50
14	\$ 109
15	\$ 114
17	\$ 62
24	\$ 79
41	\$ 119

\$ 659
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16045  
 Customer Class: Commercial County w/ School Tax and KY State Sales Tax Sub 173

Meter Size: 1 1/2"

<u>Middlesboro</u>	<u>Proposed Rate</u>
First (min.) 13,000 gallons	\$38.54
Next 12,000 gallons	\$2.47
Next 25,000 gallons	\$2.35
Next 50,000 gallons	\$2.10
Next 100,000 gallons	\$1.92

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total
0	0	0	0	0	11	0	0.00%
3,000	2	2	6,000	6,000	9	33,000	9.84%
4,000	3	5	12,000	18,000	6	42,000	29.51%
5,000	2	7	10,000	28,000	4	48,000	45.90%
6,000	2	9	12,000	40,000	2	52,000	65.57%
8,000	1	10	8,000	48,000	1	56,000	78.69%
13,000	1	11	13,000	61,000	0	61,000	100.00%

0	\$	-
3	\$	77
4	\$	116
5	\$	77
6	\$	77
8	\$	39
13	\$	39

\$ 424

16050  
 Customer Class: Commercial County Special Tax Exempt Sub 173

Meter Size: N/A

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)]	(8) Percentage of Total
495,000	11	11	5,445,000	5,445,000	0	5,445,000	100.00%

495

16055

Customer Class: Commercial County Special Sub 173

Meter Size: N/A

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Consumption Level	Number of Bills	Cumulative Bills	Gallons Consumed (1) X (2)	Cumulative Gallons	Reversed Bills	Consolidated Factor [(1)X(6)]+(5)	Percentage of Total
3,465,000	11	11	38,115,000	38,115,000	0	38,115,000	100.00%

3465

(

16056  
Customer Class: Government City Special Sub 171

Meter Size: N/A

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total
330,000	11	11	3,630,000	3,630,000	0	3,630,000	100.00%

330

16056  
 Customer Class: Government City Special Sub 173

Meter Size: N/A

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total
330,000	11	11	3,630,000	3,630,000	0	3,630,000	100.00%

330

16058

Customer Class: Government City Special Tax Exempt Sub 172

Meter Size: N/A

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+ (5)]	(8) Percentage of Total
1,155,000	11	11	12,705,000	12,705,000	0	12,705,000	100.00%

1155

16060  
 Customer Class: Commercial City Special Sub 173

Meter Size: N/A

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total
495,000	11	11	5,445,000	5,445,000	0	5,445,000	100.00%

495



16070  
 Customer Class: Commercial City Special Tax Exempt Sub 172

Meter Size: N/A

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)]	(8) Percentage of Total
660,000	11	11	7,260,000	7,260,000	0	7,260,000	100.00%

660

16071  
 Customer Class: Industrial City w/ School Tax and KY State Sales Tax Sub 170

Meter Size: 5/8"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total
0	1	1	0	0	53	0	0.00%
1,000	8	9	8,000	8,000	45	53,000	2.81%
2,000	6	15	12,000	20,000	39	98,000	7.02%
3,000	12	27	36,000	56,000	27	137,000	19.65%
4,000	10	37	40,000	96,000	17	164,000	33.68%
5,000	5	42	25,000	121,000	12	181,000	42.46%
8,000	3	45	24,000	145,000	9	217,000	50.88%
9,000	1	46	9,000	154,000	8	226,000	54.04%
10,000	2	48	20,000	174,000	6	234,000	61.05%
11,000	2	50	22,000	196,000	4	240,000	68.77%
16,000	1	51	16,000	212,000	3	260,000	74.39%
18,000	1	52	18,000	230,000	2	266,000	80.70%
23,000	1	53	23,000	253,000	1	276,000	88.77%
32,000	1	54	32,000	285,000	0	285,000	100.00%

Middlesboro	Proposed Rate
First 1,000 gallons	\$6.74
Next 9,000 gallons	\$2.71
Next 15,000 gallons	\$2.47
Next 25,000 gallons	\$2.35
Next 50,000 gallons	\$2.10
Next 100,000 gallons	\$1.92

\$	7
\$	54
\$	57
\$	146
\$	149
\$	88
\$	77
\$	28
\$	62
\$	67
\$	46
\$	51
\$	63
\$	85
\$ 980	

16071  
 Customer Class: Industrial City w/ School Tax and KY State Sales Tax Sub 171

Meter Size: 5/8"

<u>Middlesboro</u>	<u>Proposed Rate</u>
First 1,000 gallons	\$6.74
Next 9,000 gallons	\$2.71
Next 15,000 gallons	\$2.47
Next 25,000 gallons	\$2.35
Next 50,000 gallons	\$2.10
Next 100,000 gallons	\$1.92

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total	
0	0	0	0	0	11	0	0.00%	0
30,000	1	1	30,000	30,000	10	330,000	5.48%	30
32,000	1	2	32,000	62,000	9	350,000	11.33%	32
40,000	1	3	40,000	102,000	8	422,000	18.65%	40
43,000	1	4	43,000	145,000	7	446,000	26.51%	43
45,000	1	5	45,000	190,000	6	460,000	34.73%	45
46,000	1	6	46,000	236,000	5	466,000	43.14%	46
48,000	1	7	48,000	284,000	4	476,000	51.92%	48
50,000	1	8	50,000	334,000	3	484,000	61.06%	50
54,000	1	9	54,000	388,000	2	496,000	70.93%	54
78,000	1	10	78,000	466,000	1	544,000	85.19%	78
81,000	1	11	81,000	547,000	0	547,000	100.00%	81

\$	1,373
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16071  
 Customer Class: Industrial City w/ School Tax and KY State Sales Tax Sub 173

Meter Size: 5/8"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total
0	0	0	0	0	11	0	0.00%
4,000	3	3	12,000	12,000	8	44,000	20.34%
5,000	5	8	25,000	37,000	3	52,000	62.71%
6,000	1	9	6,000	43,000	2	55,000	72.88%
7,000	1	10	7,000	50,000	1	57,000	84.75%
9,000	1	11	9,000	59,000	0	59,000	100.00%

<u>Middlesboro</u>	<u>Proposed Rate</u>
First 1,000 gallons	\$6.74
Next 9,000 gallons	\$2.71
Next 15,000 gallons	\$2.47
Next 25,000 gallons	\$2.35
Next 50,000 gallons	\$2.10
Next 100,000 gallons	\$1.92

0	\$	-
4	\$	45
5	\$	88
6	\$	20
7	\$	23
9	\$	28
	\$	204

16073

Customer Class: Industrial City w/ School Tax and KY State Sales Tax Sub 170

Meter Size: 1"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total
0	0	0	0	0	11	0	0.00%
3,000	3	3	9,000	9,000	8	33,000	19.15%
4,000	5	8	20,000	29,000	3	41,000	61.70%
5,000	2	10	10,000	39,000	1	44,000	82.98%
8,000	1	11	8,000	47,000	0	47,000	100.00%

<u>Middlesboro</u>	<u>Proposed Rate</u>
First 6,000 gallons	\$ 20.29
Next 4,000 gallons	\$ 2.71
Next 15,000 gallons	\$ 2.47
Next 25,000 gallons	\$ 2.35
Next 50,000 gallons	\$ 2.10
Next 100,000 gallons	\$ 1.92

0	\$ -
3	\$ 61
4	\$ 101
5	\$ 41
8	\$ 26

\$ 229

16075  
 Customer Class: Industrial City w/ School Tax and KY State Sales Tax Sub 170

Meter Size: 1 1/2"

<u>Middlesboro</u>		<u>Proposed Rate</u>
First (min.) 13,000 gallons		\$38.54
Next 12,000 gallons		\$2.47
Next 25,000 gallons		\$2.35
Next 50,000 gallons		\$2.10
Next 100,000 gallons		\$1.92

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Consumption Level	Number of Bills	Cumulative Bills	Gallons Consumed (1) X (2)	Cumulative Gallons	Reversed Bills	Consolidated Factor [(1)X(6)]+(5)	Percentage of Total
0	0	0	0	0	11	0	0.00%
28,000	1	1	28,000	28,000	10	308,000	4.61%
31,000	1	2	31,000	59,000	9	338,000	9.72%
51,000	1	3	51,000	110,000	8	518,000	18.12%
54,000	1	4	54,000	164,000	7	542,000	27.02%
57,000	2	6	114,000	278,000	5	563,000	45.80%
63,000	1	7	63,000	341,000	4	593,000	56.18%
64,000	1	8	64,000	405,000	3	597,000	66.72%
65,000	1	9	65,000	470,000	2	600,000	77.43%
66,000	1	10	66,000	536,000	1	602,000	88.30%
71,000	1	11	71,000	607,000	0	607,000	100.00%

0	\$	-
28	\$	75
31	\$	82
51	\$	129
54	\$	135
57	\$	283
63	\$	154
64	\$	156
65	\$	158
66	\$	161
71	\$	171

\$ 1,506

16075  
 Customer Class: Industrial City w/ School Tax and KY State Sales Tax Sub 171

Meter Size: 1 1/2"

<u>Middlesboro</u>	<u>Proposed Rate</u>
First (min.) 13,000 gallons	\$38.54
Next 12,000 gallons	\$2.47
Next 25,000 gallons	\$2.35
Next 50,000 gallons	\$2.10
Next 100,000 gallons	\$1.92

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total
0	0	0	0	0	11	0	0.00%
17,000	1	1	17,000	17,000	10	187,000	1.76%
27,000	1	2	27,000	44,000	9	287,000	4.55%
47,000	1	3	47,000	91,000	8	467,000	9.40%
51,000	1	4	51,000	142,000	7	499,000	14.67%
70,000	1	5	70,000	212,000	6	632,000	21.90%
74,000	1	6	74,000	286,000	5	656,000	29.55%
77,000	1	7	77,000	363,000	4	671,000	37.50%
112,000	1	8	112,000	475,000	3	811,000	49.07%
127,000	1	9	127,000	602,000	2	856,000	62.19%
182,000	1	10	182,000	784,000	1	966,000	80.99%
184,000	1	11	184,000	968,000	0	968,000	100.00%

0	\$	-
17	\$	48
27	\$	73
47	\$	120
51	\$	129
70	\$	169
74	\$	177
77	\$	184
112	\$	255
127	\$	284
182	\$	389
184	\$	393

\$ 2,221

16076

Customer Class: Industrial City w/ School Tax and KY State Sales Tax Sub 170

Meter Size: 2"

<u>Middlesboro</u>	<u>Proposed Rate</u>
First 21,400	\$59.29
Next 3,600	\$2.47
Next 25,000 gallons	\$2.35
Next 50,000 gallons	\$2.10
Over 100,000	\$1.92

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total			
0	0	0	0	0	22	0	0.00%	0	\$	-
1,000	1	1	1,000	1,000	21	22,000	0.46%	1	\$	59
2,000	1	2	2,000	3,000	20	43,000	1.39%	2	\$	59
3,000	1	3	3,000	6,000	19	63,000	2.78%	3	\$	59
4,000	1	4	4,000	10,000	18	82,000	4.63%	4	\$	59
7,000	1	5	7,000	17,000	17	136,000	7.87%	7	\$	59
8,000	3	8	24,000	41,000	14	153,000	18.98%	8	\$	178
9,000	2	10	18,000	59,000	12	167,000	27.31%	9	\$	119
10,000	1	11	10,000	69,000	11	179,000	31.94%	10	\$	59
11,000	1	12	11,000	80,000	10	190,000	37.04%	11	\$	59
12,000	4	16	48,000	128,000	6	200,000	59.26%	12	\$	237
13,000	2	18	26,000	154,000	4	206,000	71.30%	13	\$	119
14,000	1	19	14,000	168,000	3	210,000	77.78%	14	\$	59
15,000	1	20	15,000	183,000	2	213,000	84.72%	15	\$	59
16,000	1	21	16,000	199,000	1	215,000	92.13%	16	\$	59
17,000	1	22	17,000	216,000	0	216,000	100.00%	17	\$	59
									\$	1,304



16076  
 Customer Class: Industrial City w/ School Tax and KY State Sales Tax Sub 171

Meter Size: 2"

<u>Middlesboro</u>	<u>Proposed Rate</u>
First 21,400	\$59.29
Next 3,600	\$2.47
Next 25,000 gallons	\$2.35
Next 50,000 gallons	\$2.10
Over 100,000	\$1.92

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)]	(8) Percentage of Total		
0	0	0	0	0	11	0	0.00%	0	\$ -
18,000	1	1	18,000	18,000	10	198,000	5.81%	18	\$ 59
22,000	1	2	22,000	40,000	9	238,000	12.90%	22	\$ 61
23,000	1	3	23,000	63,000	8	247,000	20.32%	23	\$ 63
24,000	1	4	24,000	87,000	7	255,000	28.06%	24	\$ 66
27,000	2	6	54,000	141,000	5	276,000	45.48%	27	\$ 146
30,000	1	7	30,000	171,000	4	291,000	55.16%	30	\$ 80
31,000	1	8	31,000	202,000	3	295,000	65.16%	31	\$ 82
34,000	2	10	68,000	270,000	1	304,000	87.10%	34	\$ 179
40,000	1	11	40,000	310,000	0	310,000	100.00%	40	\$ 103
									\$ 839

16077

Customer Class: Industrial City w/ School Tax and KY State Sales Tax Sub 171

Meter Size: 3"

**Middlesboro**

First 68,400  
Next 31,600  
Over 100,000

**Proposed Rate**

\$165.57  
\$2.10  
\$1.92

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)]	(8) Percentage of Total			
0	0	0	0	0	11	0	0.00%	0	\$	-
736,000	1	1	736,000	736,000	10	8,096,000	4.76%	736	\$	1,453
872,000	1	2	872,000	1,608,000	9	9,456,000	10.40%	872	\$	1,714
880,000	1	3	880,000	2,488,000	8	9,528,000	16.09%	880	\$	1,730
911,000	1	4	911,000	3,399,000	7	9,776,000	21.98%	911	\$	1,789
942,000	1	5	942,000	4,341,000	6	9,993,000	28.07%	942	\$	1,849
974,000	1	6	974,000	5,315,000	5	10,185,000	34.37%	974	\$	1,910
1,000,000	1	7	1,000,000	6,315,000	4	10,315,000	40.83%	1000	\$	1,960
1,520,000	1	8	1,520,000	7,835,000	3	12,395,000	50.66%	1520	\$	2,958
1,830,000	1	9	1,830,000	9,665,000	2	13,325,000	62.50%	1830	\$	3,554
2,160,000	1	10	2,160,000	11,825,000	1	13,985,000	76.46%	2160	\$	4,187
3,640,000	1	11	3,640,000	15,465,000	0	15,465,000	100.00%	3640	\$	7,029
									\$	30,132

16078  
 Customer Class: Industrial City w/ School Tax and KY State Sales Tax Sub 170

Meter Size: 4"

**Middlesboro**  
 First 127,500  
 Over 127,500

**Proposed Rate**  
 \$284.73  
 \$1.92

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total			
0	0	0	0	0	11	0	0.00%	0	\$	-
74,000	1	1	74,000	74,000	10	814,000	5.06%	74	\$	285
84,000	1	2	84,000	158,000	9	914,000	10.80%	84	\$	285
89,000	1	3	89,000	247,000	8	959,000	16.88%	89	\$	285
105,000	1	4	105,000	352,000	7	1,087,000	24.06%	105	\$	285
113,000	1	5	113,000	465,000	6	1,143,000	31.78%	113	\$	285
120,000	1	6	120,000	585,000	5	1,185,000	39.99%	120	\$	285
124,000	1	7	124,000	709,000	4	1,205,000	48.46%	124	\$	285
126,000	1	8	126,000	835,000	3	1,213,000	57.07%	126	\$	285
146,000	1	9	146,000	981,000	2	1,273,000	67.05%	146	\$	320
178,000	1	10	178,000	1,159,000	1	1,337,000	79.22%	178	\$	382
304,000	1	11	304,000	1,463,000	0	1,463,000	100.00%	304	\$	624
									\$	3,603

16079  
 Customer Class: Industrial City w/ School Tax and KY State Sales Tax Sub 171

Meter Size: 6"

Middlesboro  
 First 281,500  
 Over 281,500

Proposed Rate  
 \$580.41  
 \$1.92

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		
Consumption Level	Number of Bills	Cumulative Bills	Gallons Consumed (1) X (2)	Cumulative Gallons	Reversed Bills	Consolidated Factor [(1)X(6)]+(5)]	Percentage of Total		
0	0	0	0	0	11	0	0.00%	0	\$ -
560,000	1	1	560,000	560,000	10	6,160,000	7.28%	560	\$ 1,115
600,000	1	2	600,000	1,160,000	9	6,560,000	15.08%	600	\$ 1,192
685,000	1	3	685,000	1,845,000	8	7,325,000	23.98%	685	\$ 1,355
897,000	1	4	897,000	2,742,000	7	9,021,000	35.64%	897	\$ 1,762
977,000	1	5	977,000	3,719,000	6	9,581,000	48.34%	977	\$ 1,916
472,000	1	6	472,000	4,191,000	5	6,551,000	54.47%	472	\$ 946
579,000	1	7	579,000	4,770,000	4	7,086,000	62.00%	579	\$ 1,152
733,000	1	8	733,000	5,503,000	3	7,702,000	71.52%	733	\$ 1,447
744,000	1	9	744,000	6,247,000	2	7,735,000	81.19%	744	\$ 1,468
940,000	1	10	940,000	7,187,000	1	8,127,000	93.41%	940	\$ 1,845
507,000	1	11	507,000	7,694,000	0	7,694,000	100.00%	507	\$ 1,013
									<b>\$ 15,212</b>

16081  
Customer Class: Commercial City w/ School Tax Sub 170

Meter Size: 5/8"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Rewrsed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total	
0	81	81	0	0	150	0	0.00%	0
1,000	35	116	35,000	35,000	115	150,000	3.55%	1
2,000	18	134	36,000	71,000	97	265,000	7.20%	2
3,000	11	145	33,000	104,000	86	362,000	10.55%	3
4,000	6	151	24,000	128,000	80	448,000	12.98%	4
5,000	8	159	40,000	168,000	72	528,000	17.04%	5
6,000	12	171	72,000	240,000	60	600,000	24.34%	6
7,000	7	178	49,000	289,000	53	660,000	29.31%	7
8,000	7	185	56,000	345,000	46	713,000	34.99%	8
9,000	4	189	36,000	381,000	42	759,000	38.64%	9
10,000	11	200	110,000	491,000	31	801,000	49.80%	10
11,000	3	203	33,000	524,000	28	832,000	53.14%	11
12,000	5	208	60,000	584,000	23	860,000	59.23%	12
13,000	7	215	91,000	675,000	16	883,000	68.46%	13
14,000	2	217	28,000	703,000	14	899,000	71.30%	14
15,000	2	219	30,000	733,000	12	913,000	74.34%	15
16,000	1	220	16,000	749,000	11	925,000	75.96%	16
17,000	1	221	17,000	766,000	10	936,000	77.69%	17
18,000	1	222	18,000	784,000	9	946,000	79.51%	18
19,000	4	226	76,000	860,000	5	955,000	87.22%	19
20,000	1	227	20,000	880,000	4	960,000	89.25%	20
21,000	1	228	21,000	901,000	3	964,000	91.38%	21
24,000	1	229	24,000	925,000	2	973,000	93.81%	24
25,000	1	230	25,000	950,000	1	975,000	96.35%	25
36,000	1	231	36,000	986,000	0	986,000	100.00%	36

Middleboro	Proposed Rate
First 1,000 gallons	\$6.74
Next 9,000 gallons	\$2.71
Next 15,000 gallons	\$2.47
Next 25,000 gallons	\$2.35
Next 50,000 gallons	\$2.10
Next 100,000 gallons	\$1.92

\$ 3,613

16081  
Customer Class: Commercial City w/ School Tax Sub 171

Meter Size: 5/8"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total
0	18	19	0	0	113	0	0.00%
1,000	25	44	25,000	25,000	88	113,000	4.33%
2,000	18	62	36,000	61,000	70	201,000	10.57%
3,000	12	74	36,000	97,000	58	271,000	16.81%
4,000	17	91	68,000	165,000	41	329,000	28.60%
5,000	9	100	45,000	210,000	32	370,000	36.40%
6,000	9	109	54,000	264,000	23	402,000	45.75%
7,000	3	112	21,000	285,000	20	425,000	49.39%
8,000	3	115	24,000	309,000	17	445,000	53.55%
11,000	3	118	33,000	342,000	14	496,000	59.27%
13,000	2	120	26,000	368,000	12	524,000	63.78%
14,000	3	123	42,000	410,000	9	536,000	71.06%
15,000	2	125	30,000	440,000	7	545,000	76.26%
16,000	2	127	32,000	472,000	5	552,000	81.80%
18,000	1	128	18,000	490,000	4	562,000	84.92%
19,000	1	129	19,000	509,000	3	566,000	88.21%
21,000	1	130	21,000	530,000	2	572,000	91.85%
23,000	1	131	23,000	553,000	1	576,000	95.84%
24,000	1	132	24,000	577,000	0	577,000	100.00%

Middleboro  
First 1,000 gallons  
Next 9,000 gallons  
Next 15,000 gallons  
Next 25,000 gallons  
Next 50,000 gallons  
Next 100,000 gallons

Proposed Rate  
\$6.74  
\$2.71  
\$2.47  
\$2.35  
\$2.10  
\$1.92

0	\$	128
1	\$	169
2	\$	170
3	\$	146
4	\$	253
5	\$	158
6	\$	183
7	\$	69
8	\$	77
11	\$	101
13	\$	77
14	\$	123
15	\$	87
16	\$	92
18	\$	51
19	\$	53
21	\$	58
23	\$	63
24	\$	66
		\$ 2,124

16081  
Customer Class: Commercial City w/ School Tax Sub 172

Meter Size: 5/8"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total	
0	28	26	0	0	40	0	0.00%	0
1,000	30	56	30,000	30,000	10	40,000	45.45%	1
2,000	6	62	12,000	42,000	4	50,000	63.64%	2
3,000	2	64	6,000	48,000	2	54,000	72.73%	3
4,000	1	65	4,000	52,000	1	56,000	78.79%	4
14,000	1	66	14,000	66,000	0	66,000	100.00%	14

**Middlesboro**  
First 1,000 gallons  
Next 9,000 gallons  
Next 15,000 gallons  
Next 25,000 gallons  
Next 50,000 gallons  
Next 100,000 gallons

**Proposed Rate**  
\$6.74  
\$2.71  
\$2.47  
\$2.35  
\$2.10  
\$1.92

\$ 175  
\$ 202  
\$ 57  
\$ 24  
\$ 15  
\$ 41  
**\$ 514**

16081  
Customer Class: Commercial City w/ School Tax Sub 173

Meter Size: 5/8"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total
0	3	3	0	0	86	0	0.00%
1,000	45	48	45,000	45,000	41	86,000	22.28%
2,000	15	63	30,000	75,000	26	127,000	37.13%
3,000	12	75	36,000	111,000	14	153,000	54.95%
4,000	4	79	16,000	127,000	10	167,000	62.87%
5,000	4	83	20,000	147,000	6	177,000	72.77%
6,000	2	85	12,000	159,000	4	183,000	78.71%
7,000	1	86	7,000	166,000	3	187,000	82.18%
8,000	1	87	8,000	174,000	2	190,000	86.14%
10,000	1	88	10,000	184,000	1	194,000	91.09%
18,000	1	89	18,000	202,000	0	202,000	100.00%

Middlesboro  
First 1,000 gallons  
Next 9,000 gallons  
Next 15,000 gallons  
Next 25,000 gallons  
Next 50,000 gallons  
Next 100,000 gallons

Proposed Rate  
\$6.74  
\$2.71  
\$2.47  
\$2.35  
\$2.10  
\$1.92

0	\$	20
1	\$	303
2	\$	142
3	\$	146
4	\$	59
5	\$	70
6	\$	41
7	\$	23
8	\$	26
10	\$	31
18	\$	51
\$		912



16082  
 Customer Class: Commercial City w/ School Tax Sub 170

Meter Size: 1\*

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total	
0	5	5	0	0	28	0	0.00%	0
1,000	5	10	5,000	5,000	23	28,000	1.11%	1
3,000	1	11	3,000	8,000	22	74,000	1.78%	3
4,000	3	14	12,000	20,000	19	96,000	4.44%	4
6,000	1	15	6,000	26,000	18	134,000	5.78%	6
7,000	2	17	14,000	40,000	16	152,000	8.89%	7
8,000	1	18	8,000	48,000	15	168,000	10.67%	8
9,000	1	19	9,000	57,000	14	183,000	12.67%	9
10,000	1	20	10,000	67,000	13	197,000	14.89%	10
14,000	1	21	14,000	81,000	12	249,000	18.00%	14
18,000	1	22	18,000	99,000	11	297,000	22.00%	18
20,000	2	24	40,000	139,000	9	319,000	30.89%	20
21,000	1	25	21,000	160,000	8	328,000	35.56%	21
22,000	1	26	22,000	182,000	7	336,000	40.44%	22
24,000	1	27	24,000	206,000	6	350,000	45.78%	24
25,000	1	28	25,000	231,000	5	356,000	51.33%	25
28,000	1	29	28,000	259,000	4	371,000	57.56%	28
32,000	1	30	32,000	291,000	3	387,000	64.67%	32
40,000	1	31	40,000	331,000	2	411,000	73.56%	40
46,000	1	32	46,000	377,000	1	423,000	83.78%	46
73,000	1	33	73,000	450,000	0	450,000	100.00%	73

Middleboro	Proposed Rate
First 6,000 gallons	\$ 30.29
Next 4,000 gallons	\$ 2.71
Next 15,000 gallons	\$ 2.47
Next 25,000 gallons	\$ 2.35
Next 50,000 gallons	\$ 2.10
Next 100,000 gallons	\$ 1.92

\$	101
\$	101
\$	20
\$	61
\$	20
\$	46
\$	26
\$	28
\$	31
\$	10
\$	55
\$	64
\$	139
\$	72
\$	74
\$	79
\$	24
\$	25
\$	89
\$	98
\$	32
\$	117
\$	131
\$	189

\$	1,624
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16082  
 Customer Class: Commercial City w/ School Tax Sub 171

Meter Size: 1"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]÷(5)	(8) Percentage of Total
0	0	0	0	0	11	0	0.00%
21,000	1	1	21,000	21,000	10	231,000	3.83%
28,000	1	2	28,000	49,000	9	301,000	8.93%
33,000	1	3	33,000	82,000	8	346,000	14.94%
38,000	1	4	38,000	120,000	7	386,000	21.86%
51,000	1	5	51,000	171,000	6	477,000	31.15%
52,000	1	6	52,000	223,000	5	483,000	40.62%
58,000	1	7	58,000	281,000	4	513,000	51.18%
62,000	1	8	62,000	343,000	3	529,000	62.48%
66,000	1	9	66,000	409,000	2	541,000	74.50%
67,000	1	10	67,000	476,000	1	543,000	86.70%
73,000	1	11	73,000	549,000	0	549,000	100.00%

Middlesboro	Proposed Rate
First 6,000 gallons	\$ 20.29
Next 4,000 gallons	\$ 2.71
Next 15,000 gallons	\$ 2.47
Next 25,000 gallons	\$ 2.35
Next 50,000 gallons	\$ 2.10
Next 100,000 gallons	\$ 1.92

0	\$ -
21	\$ 72
28	\$ 89
33	\$ 101
38	\$ 112
51	\$ 143
52	\$ 145
58	\$ 157
62	\$ 166
66	\$ 174
67	\$ 176
73	\$ 189

\$ 1,523

16082  
 Customer Class: Commercial City w/ School Tax Sub 172

Meter Size: 1"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]*(5)	(8) Percentage of Total
0	1	1	0	0	10	0	0.00%
1,000	9	10	9,000	9,000	1	10,000	81.82%
2,000	1	11	2,000	11,000	0	11,000	100.00%

0  
1  
2

Middleboro  
 First 6,000 gallons  
 Next 4,000 gallons  
 Next 15,000 gallons  
 Next 25,000 gallons  
 Next 50,000 gallons  
 Next 100,000 gallons

Proposed Rate  
 \$ 20.29  
 \$ 2.71  
 \$ 2.47  
 \$ 2.35  
 \$ 2.10  
 \$ 1.92

\$ 20  
 \$ 183  
 \$ 20

\$	223
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16082  
 Customer Class: Commercial City w/ School Tax Sub 173

Meter Size: 1"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total
0	1	1	0	0	10	0	0.00%
1,000	9	10	9,000	9,000	1	10,000	81.82%
2,000	1	11	2,000	11,000	0	11,000	100.00%

0  
1  
2

Middlesboro	Proposed Rate
First 6,000 gallons	\$ 20.29
Next 4,000 gallons	\$ 2.71
Next 15,000 gallons	\$ 2.47
Next 25,000 gallons	\$ 2.35
Next 50,000 gallons	\$ 2.10
Next 100,000 gallons	\$ 1.92

\$	20
\$	345
\$	34
<hr/>	
\$	359

16083  
Customer Class: Commercial City w/ School Tax Sub 171

Meter Size: 2"

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Consumption Level	Number of Bills	Cumulative Bills	Gallons Consumed (1) X (2)	Cumulative Gallons	Reversed Bills	Consolidated Factor [(1)X(6)]+(5)]	Percentage of Total
0	0	0	0	0	11	0	0.00%
9,000	1	1	9,000	9,000	10	99,000	7.03%
10,000	2	3	20,000	29,000	8	109,000	22.66%
11,000	4	7	44,000	73,000	4	117,000	57.03%
13,000	2	9	26,000	99,000	2	125,000	77.34%
14,000	1	10	14,000	113,000	1	127,000	88.28%
15,000	1	11	15,000	128,000	0	128,000	100.00%

**Middesboro**  
First 21,400  
Next 3,600  
Next 25,000 gallons  
Next 50,000 gallons  
Over 100,000

**Proposed Rate**  
\$59.29  
\$2.47  
\$2.35  
\$2.10  
\$1.92

0  
9  
10  
11  
13  
14  
15

\$ -  
\$ 59  
\$ 119  
\$ 237  
\$ 119  
\$ 59  
\$ 59

\$ 652

16083  
Customer Class: Commercial City w/ School Tax Sub 172

Meter Size: 2"

Middlesboro	Proposed Rate
First 21,400	\$59.29
Next 3,600	\$2.47
Next 25,000 gallons	\$2.35
Next 50,000 gallons	\$2.10
Over 100,000	\$1.92

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total
0	0	0	0	0	33	0	0.00%
31,000	1	1	31,000	31,000	32	1,023,000	0.38%
35,000	1	2	35,000	66,000	31	1,151,000	0.80%
48,000	2	4	96,000	162,000	29	1,554,000	1.97%
52,000	1	5	52,000	214,000	28	1,670,000	2.60%
55,000	1	6	55,000	269,000	27	1,754,000	3.27%
62,000	1	7	62,000	331,000	26	1,943,000	4.02%
66,000	1	8	66,000	397,000	25	2,047,000	4.82%
74,000	1	9	74,000	471,000	24	2,247,000	5.72%
83,000	1	10	83,000	554,000	23	2,463,000	6.73%
105,000	1	11	105,000	659,000	22	2,969,000	8.00%
137,000	1	12	137,000	796,000	21	3,673,000	9.66%
159,000	1	13	159,000	955,000	20	4,135,000	11.60%
171,000	1	14	171,000	1,126,000	19	4,375,000	13.67%
176,000	1	15	176,000	1,302,000	18	4,470,000	15.81%
178,000	1	16	178,000	1,480,000	17	4,506,000	17.97%
183,000	1	17	183,000	1,663,000	16	4,591,000	20.19%
192,000	1	18	192,000	1,855,000	15	4,735,000	22.52%
198,000	1	19	198,000	2,053,000	14	4,825,000	24.93%
210,000	1	20	210,000	2,263,000	13	4,993,000	27.48%
212,000	1	21	212,000	2,475,000	12	5,019,000	30.05%
235,000	1	22	235,000	2,710,000	11	5,295,000	32.90%
362,000	1	23	362,000	3,072,000	10	6,692,000	37.30%
392,000	1	24	392,000	3,464,000	9	6,992,000	42.06%
397,000	1	25	397,000	3,861,000	8	7,037,000	46.88%
432,000	1	26	432,000	4,293,000	7	7,317,000	52.12%
434,000	1	27	434,000	4,727,000	6	7,331,000	57.39%
526,000	1	28	526,000	5,253,000	5	7,883,000	63.78%
534,000	1	29	534,000	5,787,000	4	7,923,000	70.26%
554,000	1	30	554,000	6,341,000	3	8,003,000	76.99%
573,000	1	31	573,000	6,914,000	2	8,060,000	83.95%
586,000	1	32	586,000	7,500,000	1	8,086,000	91.06%
736,000	1	33	736,000	8,236,000	0	8,236,000	100.00%

0	\$	-
31	\$	82
35	\$	92
48	\$	244
52	\$	131
55	\$	137
62	\$	152
66	\$	161
74	\$	177
83	\$	196
105	\$	242
137	\$	303
159	\$	345
171	\$	368
176	\$	378
178	\$	382
183	\$	391
192	\$	409
198	\$	420
210	\$	443
212	\$	447
235	\$	491
362	\$	735
392	\$	793
397	\$	802
432	\$	869
434	\$	873
526	\$	1,050
534	\$	1,065
554	\$	1,104
573	\$	1,140
586	\$	1,165
736	\$	1,453

\$	17,041
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16088

Customer Class: Industrial City Special Tax Exempt Sub 170

Meter Size: N/A

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total
660,000	11	11	7,260,000	7,260,000	0	7,260,000	100.00%

660

16089  
 Customer Class: Industrial City Special Tax Exempt Sub 171

Meter Size: N/A

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total
825,000	11	11	9,075,000	9,075,000	0	9,075,000	100.00%

825



16091  
Customer Class: Government City w/ School Tax Sub 170

Meter Size: 5/8"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total
0	25	25	0	0	30	0	0.00%
1,000	11	36	11,000	11,000	19	30,000	8.09%
2,000	2	38	4,000	15,000	17	49,000	11.03%
3,000	3	41	9,000	24,000	14	66,000	17.65%
4,000	4	45	16,000	40,000	10	80,000	29.41%
5,000	1	46	5,000	45,000	9	90,000	33.09%
6,000	4	50	24,000	69,000	5	99,000	50.74%
8,000	1	51	8,000	77,000	4	109,000	56.62%
9,000	1	52	9,000	86,000	3	113,000	63.24%
10,000	1	53	10,000	96,000	2	116,000	70.59%
19,000	1	54	19,000	115,000	1	134,000	84.56%
21,000	1	55	21,000	136,000	0	136,000	100.00%

**Middlesboro**  
First 1,000 gallons  
Next 9,000 gallons  
Next 15,000 gallons  
Next 25,000 gallons  
Next 50,000 gallons  
Next 100,000 gallons

**Proposed Rate**  
\$6.74  
\$2.71  
\$2.47  
\$2.35  
\$2.10  
\$1.92

0  
1  
2  
3  
4  
5  
6  
8  
9  
10  
19  
21

\$ 169  
\$ 74  
\$ 19  
\$ 36  
\$ 59  
\$ 18  
\$ 81  
\$ 26  
\$ 28  
\$ 31  
\$ 53  
\$ 58  
**\$ 653**

16091  
Customer Class: Government City w/ School Tax Sub 171

Meter Size: 5/8"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total		
0	15	15	0	0	18	0	0.00%	0	
1,000	3	18	3,000	3,000	15	18,000	0.19%	1	\$
13,000	1	19	13,000	16,000	14	198,000	1.00%	13	\$
15,000	1	20	15,000	31,000	13	226,000	1.94%	15	\$
20,000	1	21	20,000	51,000	12	291,000	3.19%	20	\$
53,000	1	22	53,000	104,000	11	687,000	6.50%	53	\$
106,000	1	23	106,000	210,000	10	1,270,000	13.13%	106	\$
111,000	2	25	222,000	432,000	8	1,320,000	27.02%	111	\$
117,000	1	26	117,000	549,000	7	1,368,000	34.33%	117	\$
120,000	1	27	120,000	669,000	6	1,389,000	41.84%	120	\$
135,000	1	28	135,000	804,000	5	1,479,000	50.28%	135	\$
141,000	1	29	141,000	945,000	4	1,509,000	59.10%	141	\$
142,000	1	30	142,000	1,087,000	3	1,513,000	67.98%	142	\$
145,000	1	31	145,000	1,232,000	2	1,522,000	77.05%	145	\$
159,000	1	32	159,000	1,391,000	1	1,550,000	86.99%	159	\$
208,000	1	33	208,000	1,599,000	0	1,599,000	100.00%	208	\$

Middletown	Proposed Rate
First 1,000 gallons	\$6.74
Next 9,000 gallons	\$2.71
Next 15,000 gallons	\$2.47
Next 25,000 gallons	\$2.35
Next 50,000 gallons	\$2.10
Next 100,000 gallons	\$1.92

\$ 3,702

16091  
Customer Class: Government City w/ School Tax Sub 172

Meter Size: 5/8"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total	
0	10	10	0	0	15	0	0.00%	0
1,000	10	20	10,000	10,000	5	15,000	17.54%	1
2,000	1	21	2,000	12,000	4	20,000	21.05%	2
5,000	1	22	5,000	17,000	3	32,000	29.82%	5
11,000	1	23	11,000	28,000	2	50,000	49.12%	11
12,000	1	24	12,000	40,000	1	52,000	70.18%	12
17,000	1	25	17,000	57,000	0	57,000	100.00%	17

Middlesboro	Proposed Rate
First 1,000 gallons	\$6.74
Next 9,000 gallons	\$2.71
Next 15,000 gallons	\$2.47
Next 25,000 gallons	\$2.35
Next 50,000 gallons	\$2.10
Next 100,000 gallons	\$1.92

\$	67
\$	67
\$	9
\$	18
\$	34
\$	36
\$	48

\$	280
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16091  
 Customer Class: Government City w/ School Tax Sub 173

Meter Size: 5/8"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)]	(8) Percentage of Total	
0	0	0	0	0	22	0	0.00%	0
1,000	11	11	11,000	11,000	11	22,000	15.94%	1
3,000	2	13	6,000	17,000	9	44,000	24.64%	3
4,000	1	14	4,000	21,000	8	53,000	30.43%	4
5,000	4	18	20,000	41,000	4	61,000	59.42%	5
6,000	2	20	12,000	53,000	2	65,000	76.81%	6
7,000	1	21	7,000	60,000	1	67,000	86.96%	7
9,000	1	22	9,000	69,000	0	69,000	100.00%	9

**Middlesboro**  
 First 1,000 gallons  
 Next 9,000 gallons  
 Next 15,000 gallons  
 Next 25,000 gallons  
 Next 50,000 gallons  
 Next 100,000 gallons

**Proposed Rate**  
 \$6.74  
 \$2.71  
 \$2.47  
 \$2.35  
 \$2.10  
 \$1.92

\$  
 \$ 74  
 \$ 24  
 \$ 15  
 \$ 70  
 \$ 41  
 \$ 23  
 \$ 28

**\$ 276**

16092  
 Customer Class: Government City w/ School Tax Sub 170

Meter Size: 1"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total	
0	0	0	0	0	33	0	0.00%	0
3,000	3	3	9,000	9,000	30	99,000	2.43%	3
4,000	4	7	16,000	25,000	26	129,000	6.76%	4
5,000	2	9	10,000	35,000	24	155,000	9.46%	5
9,000	4	13	36,000	71,000	20	251,000	19.19%	9
10,000	2	15	20,000	91,000	18	271,000	24.59%	10
11,000	4	19	44,000	135,000	14	289,000	36.49%	11
12,000	2	21	24,000	159,000	12	303,000	42.97%	12
13,000	1	22	13,000	172,000	11	315,000	46.49%	13
14,000	1	23	14,000	186,000	10	326,000	50.27%	14
15,000	2	25	30,000	216,000	8	336,000	58.38%	15
17,000	3	28	51,000	267,000	5	352,000	72.16%	17
18,000	1	29	18,000	285,000	4	357,000	77.03%	18
19,000	1	30	19,000	304,000	3	361,000	82.16%	19
20,000	1	31	20,000	324,000	2	364,000	87.57%	20
22,000	1	32	22,000	346,000	1	368,000	93.51%	22
24,000	1	33	24,000	370,000	0	370,000	100.00%	24

**Middesboro**  
 First 6,000 gallons  
 Next 9,000 gallons  
 Next 15,000 gallons  
 Next 25,000 gallons  
 Next 50,000 gallons  
 Next 100,000 gallons

**Proposed Rate**  
 \$ 20.29  
 \$ 2.71  
 \$ 2.47  
 \$ 2.35  
 \$ 2.10  
 \$ 1.92

\$ -  
 \$ 61  
 \$ 81  
 \$ 41  
 \$ 114  
 \$ 62  
 \$ 189  
 \$ 99  
 \$ 52  
 \$ 55  
 \$ 114  
 \$ 186  
 \$ 64  
 \$ 67  
 \$ 69  
 \$ 74  
 \$ 79  
 \$ 1,407

16093  
 Customer Class: Government City w/ School Tax Sub 170

Meter Size: 1 1/2"

<u>Middlesboro</u>		<u>Proposed Rate</u>
First (min.) 13,000 gallons		\$38.54
Next 12,000 gallons		\$2.47
Next 25,000 gallons		\$2.35
Next 50,000 gallons		\$2.10
Next 100,000 gallons		\$1.92

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		
Consumption Level	Number of Bills	Cumulative Bills	Gallons Consumed (1) X (2)	Cumulative Gallons	Reversed Bills	Consolidated Factor [(1)X(6)]÷(5)	Percentage of Total		
0	0	0	0	0	22	0	0.00%	0	\$ -
6,000	1	1	6,000	6,000	21	132,000	0.24%	6	\$ 39
7,000	2	3	14,000	20,000	19	153,000	0.79%	7	\$ 77
9,000	2	5	18,000	38,000	17	191,000	1.51%	9	\$ 77
10,000	2	7	20,000	58,000	15	208,000	2.31%	10	\$ 77
11,000	1	8	11,000	69,000	14	223,000	2.74%	11	\$ 39
12,000	1	9	12,000	81,000	13	237,000	3.22%	12	\$ 39
13,000	1	10	13,000	94,000	12	250,000	3.74%	13	\$ 39
20,000	1	11	20,000	114,000	11	334,000	4.53%	20	\$ 56
155,000	1	12	155,000	269,000	10	1,819,000	10.69%	155	\$ 338
159,000	1	13	159,000	428,000	9	1,859,000	17.01%	159	\$ 345
163,000	1	14	163,000	591,000	8	1,895,000	23.49%	163	\$ 353
170,000	1	15	170,000	761,000	7	1,951,000	30.25%	170	\$ 366
197,000	1	16	197,000	958,000	6	2,140,000	38.08%	197	\$ 418
203,000	1	17	203,000	1,161,000	5	2,176,000	46.14%	203	\$ 430
247,000	1	18	247,000	1,408,000	4	2,396,000	55.96%	247	\$ 514
259,000	1	19	259,000	1,667,000	3	2,444,000	66.26%	259	\$ 537
260,000	1	20	260,000	1,927,000	2	2,447,000	76.59%	260	\$ 539
285,000	1	21	285,000	2,212,000	1	2,497,000	87.92%	285	\$ 587
304,000	1	22	304,000	2,516,000	0	2,516,000	100.00%	304	\$ 624
									\$ 5,492

16093  
 Customer Class: Government City w/ School Tax Sub 172

Meter Size: 1 1/2"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]÷(5)	(8) Percentage of Total	
0	0	0	0	0	22	0	0.00%	0
1,000	3	3	3,000	3,000	19	22,000	0.67%	1
2,000	6	9	12,000	15,000	13	41,000	3.35%	2
3,000	5	14	15,000	30,000	8	54,000	6.70%	3
4,000	1	15	4,000	34,000	7	62,000	7.59%	4
5,000	1	16	5,000	39,000	6	69,000	8.71%	5
6,000	2	18	12,000	51,000	4	75,000	11.38%	6
7,000	1	19	7,000	58,000	3	79,000	12.95%	7
9,000	1	20	9,000	67,000	2	85,000	14.96%	9
121,000	1	21	121,000	188,000	1	309,000	41.96%	121
260,000	1	22	260,000	448,000	0	448,000	100.00%	260

Middlesboro	Proposed Rate
First (min.) 13,000 gallons	\$38.54
Next 12,000 gallons	\$2.47
Next 25,000 gallons	\$2.35
Next 50,000 gallons	\$2.10
Next 100,000 gallons	\$1.92

\$	-
\$	116
\$	231
\$	193
\$	39
\$	39
\$	77
\$	39
\$	39
\$	272
\$	539
<b>\$ 1,582</b>	

16093  
 Customer Class: Government City w/ School Tax Sub 173

Meter Size: 1 1/2"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total
0	3	3	0	0	8	0	0.00%
1,000	8	11	8,000	8,000	0	8,000	100.00%

**Middlesboro**  
 First (min.) 13,000 gallons  
 Next 12,000 gallons  
 Next 25,000 gallons  
 Next 50,000 gallons  
 Next 100,000 gallons

**Proposed Rate**  
 538.54  
 52.47  
 52.35  
 52.10  
 51.92

0  
1

5 116  
5 308

**\$ 424**



16094  
Customer Class: Government City w/ School Tax Sub 170

Meter Size: 2"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total
	7	7	0	0	48	0	0.00%
0	1	8	3,000	3,000	47	144,000	0.15%
3,000	4	12	16,000	19,000	43	191,000	0.95%
4,000	4	16	20,000	39,000	39	234,000	1.95%
5,000	1	17	7,000	46,000	38	312,000	2.30%
7,000	1	18	8,000	54,000	37	350,000	2.69%
8,000	1	19	9,000	63,000	36	387,000	3.14%
9,000	1	21	20,000	83,000	34	423,000	4.14%
10,000	2	22	13,000	96,000	33	525,000	4.79%
13,000	1	23	14,000	110,000	32	558,000	5.49%
14,000	1	24	15,000	125,000	31	590,000	6.24%
15,000	1	25	17,000	142,000	30	652,000	7.09%
17,000	1	26	18,000	160,000	29	682,000	7.98%
18,000	1	28	50,000	210,000	27	885,000	10.48%
25,000	2	29	29,000	239,000	26	993,000	11.93%
29,000	1	30	32,000	271,000	25	1,071,000	13.52%
32,000	1	31	33,000	304,000	24	1,096,000	15.17%
33,000	1	32	38,000	342,000	23	1,216,000	17.07%
38,000	1	33	48,000	390,000	22	1,446,000	19.46%
48,000	1	34	52,000	442,000	21	1,534,000	22.06%
52,000	1	35	54,000	496,000	20	1,576,000	24.73%
54,000	1	36	57,000	553,000	19	1,636,000	27.59%
57,000	2	38	118,000	671,000	17	1,674,000	33.48%
59,000	1	39	60,000	731,000	16	1,691,000	36.48%
60,000	1	41	124,000	855,000	14	1,723,000	42.66%
62,000	2	42	64,000	919,000	13	1,751,000	45.86%
64,000	1	44	134,000	1,053,000	11	1,790,000	52.54%
67,000	2	45	69,000	1,122,000	10	1,812,000	55.99%
69,000	1	46	71,000	1,193,000	9	1,832,000	59.53%
71,000	1	47	73,000	1,266,000	8	1,850,000	63.17%
73,000	1	48	74,000	1,340,000	7	1,858,000	66.87%
74,000	1	49	75,000	1,415,000	6	1,865,000	70.61%
75,000	1	50	76,000	1,491,000	5	1,871,000	74.40%
76,000	1	51	84,000	1,575,000	4	1,911,000	78.59%
84,000	1	52	90,000	1,665,000	3	1,935,000	83.08%
90,000	1	53	92,000	1,757,000	2	1,941,000	87.67%
92,000	1	54	120,000	1,877,000	1	1,997,000	93.66%
120,000	1	55	127,000	2,004,000	0	2,004,000	100.00%
127,000	1						

Middlesboro  
First 21,400  
Next 3,600  
Next 25,000 gallons  
Next 50,000 gallons  
Over 100,000

Proposed Rate  
\$59.29  
\$2.47  
\$2.13  
\$2.10  
\$1.92

0	\$	415
3	\$	59
4	\$	237
5	\$	237
7	\$	59
8	\$	59
9	\$	119
10	\$	59
13	\$	59
14	\$	59
15	\$	59
17	\$	59
18	\$	136
25	\$	78
29	\$	85
32	\$	87
33	\$	99
38	\$	122
48	\$	131
52	\$	135
54	\$	142
57	\$	292
59	\$	148
60	\$	304
62	\$	156
64	\$	325
67	\$	167
69	\$	171
71	\$	175
73	\$	177
74	\$	179
75	\$	182
76	\$	198
84	\$	211
90	\$	215
92	\$	270
120	\$	284
127	\$	
\$		6,012

16094  
 Customer Class: Government City w/ School Tax Sub 171

Meter Size: 2"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total	
0	0	0	0	0	33	0	0.00%	0
3,000	2	2	6,000	6,000	31	99,000	2.43%	3
4,000	8	8	24,000	30,000	25	130,000	12.15%	4
5,000	8	16	40,000	70,000	17	155,000	28.34%	5
6,000	5	21	30,000	100,000	12	172,000	40.49%	6
7,000	1	22	7,000	107,000	11	184,000	43.32%	7
8,000	5	27	40,000	147,000	6	195,000	59.51%	8
10,000	1	28	10,000	157,000	5	207,000	63.56%	10
11,000	2	30	22,000	179,000	3	212,000	72.47%	11
16,000	1	31	16,000	195,000	2	227,000	78.95%	16
22,000	1	32	22,000	217,000	1	239,000	87.85%	22
30,000	1	33	30,000	247,000	0	247,000	100.00%	30

Middleboro	Proposed Rate
First 21,400	\$59.29
Next 3,600	\$2.47
Next 25,000 gallons	\$2.35
Next 50,000 gallons	\$2.10
Over 100,000	\$1.92

\$	-
\$	119
\$	356
\$	474
\$	296
\$	59
\$	296
\$	59
\$	119
\$	59
\$	61
\$	80

\$ 1,979

16094  
Customer Class: Government City w/ School Tax Sub 172

Meter Size: 2"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]*(5)	(8) Percentage of Total	
0	0	0	0	0	33	0	0.00%	0
1,000	2	2	2,000	2,000	31	33,000	0.02%	1
2,000	5	7	10,000	12,000	26	64,000	0.14%	2
3,000	2	9	6,000	18,000	24	90,000	0.21%	3
4,000	2	11	8,000	26,000	22	114,000	0.31%	4
6,000	1	12	6,000	32,000	21	158,000	0.38%	6
10,000	2	14	20,000	52,000	19	242,000	0.62%	10
14,000	1	15	14,000	66,000	18	318,000	0.78%	14
19,000	1	16	19,000	85,000	17	408,000	1.01%	19
45,000	1	17	45,000	130,000	16	850,000	1.54%	45
48,000	1	18	48,000	178,000	15	898,000	2.11%	48
59,000	1	19	59,000	237,000	14	1,063,000	2.81%	59
61,000	1	20	61,000	298,000	13	1,091,000	3.54%	61
66,000	1	21	66,000	364,000	12	1,156,000	4.32%	66
72,000	1	22	72,000	436,000	11	1,228,000	5.17%	72
74,000	1	23	74,000	510,000	10	1,250,000	6.05%	74
82,000	1	24	82,000	592,000	9	1,330,000	7.03%	82
83,000	1	25	83,000	675,000	8	1,339,000	8.01%	83
93,000	1	26	93,000	768,000	7	1,419,000	9.11%	93
103,000	1	27	103,000	871,000	6	1,489,000	10.34%	103
275,000	1	28	275,000	1,146,000	5	2,521,000	13.60%	275
275,000	1	29	430,000	1,576,000	4	3,296,000	18.70%	430
430,000	1	30	540,000	2,116,000	3	3,736,000	25.11%	540
540,000	1	31	653,000	2,769,000	2	4,075,000	32.86%	653
653,000	1	32	828,000	3,597,000	1	4,425,000	42.68%	828
828,000	1	33	4,830,000	8,427,000	0	8,427,000	100.00%	4830
4,830,000	1	33	4,830,000	8,427,000	0	8,427,000	100.00%	4830

Middlesboro  
First 21,400  
Next 3,600  
Next 25,000 gallons  
Next 50,000 gallons  
Over 100,000

Proposed Rate  
\$59.29  
\$2.47  
\$2.35  
\$2.10  
\$1.92

\$	-
\$	119
\$	296
\$	119
\$	119
\$	59
\$	119
\$	59
\$	59
\$	115
\$	122
\$	146
\$	150
\$	161
\$	173
\$	177
\$	194
\$	196
\$	217
\$	238
\$	568
\$	866
\$	1,077
\$	1,294
\$	1,630
\$	828
\$	9,314
\$	17,585

16094  
Customer Class: Government City w/ School Tax Sub 173

Meter Size: 2"

**Middlesboro**  
First 21,400 \$59.29  
Next 3,600 \$2.47  
Next 25,000 gallons \$2.35  
Next 50,000 gallons \$2.10  
Over 100,000 \$1.92

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total
0	6	6	0	0	49	0	0.00%
3,000	1	7	3,000	3,000	48	147,000	0.09%
7,000	3	10	21,000	24,000	45	339,000	0.75%
9,000	1	11	9,000	33,000	44	429,000	1.03%
10,000	3	14	30,000	63,000	41	473,000	1.97%
11,000	2	16	22,000	85,000	39	514,000	2.65%
16,000	2	18	32,000	117,000	37	709,000	3.65%
24,000	1	19	24,000	141,000	36	1,005,000	4.40%
25,000	1	20	25,000	166,000	35	1,041,000	5.18%
29,000	1	21	29,000	195,000	34	1,181,000	6.09%
32,000	1	22	32,000	227,000	33	1,283,000	7.08%
35,000	1	23	35,000	262,000	32	1,382,000	8.18%
36,000	1	24	36,000	298,000	31	1,414,000	9.30%
39,000	1	25	39,000	337,000	30	1,507,000	10.52%
43,000	1	26	43,000	380,000	29	1,627,000	11.86%
44,000	1	27	44,000	424,000	28	1,656,000	13.23%
48,000	1	28	48,000	472,000	27	1,768,000	14.73%
49,000	1	29	49,000	521,000	26	1,795,000	16.26%
50,000	2	31	100,000	621,000	24	1,821,000	19.38%
56,000	1	32	56,000	677,000	23	1,965,000	21.13%
66,000	1	33	66,000	743,000	22	2,195,000	23.19%
68,000	1	34	68,000	811,000	21	2,239,000	25.31%
69,000	1	35	69,000	880,000	20	2,260,000	27.47%
70,000	1	36	70,000	950,000	19	2,280,000	29.65%
71,000	1	37	71,000	1,021,000	18	2,299,000	31.87%
78,000	1	38	78,000	1,099,000	17	2,425,000	34.30%
88,000	1	39	88,000	1,187,000	16	2,595,000	37.05%
91,000	1	40	91,000	1,278,000	15	2,643,000	39.89%
92,000	1	41	92,000	1,370,000	14	2,658,000	42.76%
93,000	1	42	93,000	1,463,000	13	2,672,000	45.66%
95,000	1	43	95,000	1,558,000	12	2,698,000	48.63%
96,000	1	44	96,000	1,654,000	11	2,710,000	51.62%
106,000	1	45	106,000	1,760,000	10	2,820,000	54.93%
114,000	1	46	114,000	1,874,000	9	2,900,000	58.49%
118,000	1	47	118,000	1,992,000	8	2,936,000	62.17%
123,000	1	48	123,000	2,115,000	7	2,976,000	66.01%
124,000	1	49	124,000	2,239,000	6	2,983,000	69.88%
126,000	1	50	126,000	2,365,000	5	2,995,000	73.81%
133,000	1	51	133,000	2,498,000	4	3,030,000	77.97%
134,000	1	52	134,000	2,632,000	3	3,034,000	82.15%
146,000	1	53	146,000	2,778,000	2	3,070,000	86.70%
179,000	1	54	179,000	2,957,000	1	3,136,000	92.29%
247,000	1	55	247,000	3,204,000	0	3,204,000	100.00%

0	\$	356
3	\$	59
7	\$	178
9	\$	59
10	\$	178
11	\$	119
16	\$	119
24	\$	66
25	\$	68
29	\$	78
32	\$	85
35	\$	92
36	\$	94
39	\$	101
43	\$	110
44	\$	113
48	\$	122
49	\$	125
50	\$	254
56	\$	140
66	\$	161
68	\$	165
69	\$	167
70	\$	169
71	\$	171
78	\$	186
88	\$	207
91	\$	213
92	\$	215
93	\$	217
95	\$	221
96	\$	224
106	\$	243
114	\$	259
118	\$	266
123	\$	276
124	\$	278
126	\$	282
133	\$	295
134	\$	297
146	\$	320
179	\$	384
247	\$	514

\$ 8,244

16095  
Customer Class: Government City w/ School Tax Sub 172

Meter Size: 3"

Middlesboro  
First 68,400  
Next 31,600  
Over 100,000

Proposed Rate  
\$165.57  
\$2.10  
\$1.92

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total
0	0	0	0	0	48	0	0.00%
4,000	2	2	8,000	8,000	46	192,000	0.18%
5,000	1	3	5,000	13,000	45	238,000	0.29%
6,000	1	4	6,000	19,000	44	283,000	0.43%
7,000	2	6	14,000	33,000	42	327,000	0.74%
8,000	1	7	8,000	41,000	41	369,000	0.93%
9,000	1	8	9,000	50,000	40	410,000	1.13%
10,000	1	9	10,000	60,000	39	450,000	1.35%
12,000	2	11	24,000	84,000	37	528,000	1.90%
13,000	2	13	26,000	110,000	35	565,000	2.48%
14,000	2	15	28,000	138,000	33	600,000	3.11%
15,000	3	18	45,000	183,000	30	633,000	4.13%
16,000	1	19	16,000	199,000	29	663,000	4.49%
17,000	5	24	85,000	284,000	24	692,000	6.41%
18,000	2	26	36,000	320,000	22	716,000	7.22%
19,000	3	29	57,000	377,000	19	738,000	8.51%
20,000	3	32	60,000	437,000	16	757,000	9.86%
21,000	2	34	42,000	479,000	14	773,000	10.81%
24,000	1	35	24,000	503,000	13	815,000	11.35%
27,000	1	36	27,000	530,000	12	854,000	11.96%
255,000	1	37	255,000	785,000	11	3,590,000	17.72%
260,000	1	38	260,000	1,045,000	10	3,645,000	23.58%
268,000	1	39	268,000	1,313,000	9	3,725,000	29.63%
275,000	1	40	275,000	1,588,000	8	3,788,000	35.84%
301,000	1	41	301,000	1,889,000	7	3,996,000	42.63%
302,000	1	42	302,000	2,191,000	6	4,003,000	49.45%
312,000	1	43	312,000	2,503,000	5	4,063,000	56.49%
315,000	1	44	315,000	2,818,000	4	4,078,000	63.60%
323,000	1	45	323,000	3,141,000	3	4,110,000	70.89%
368,000	1	46	368,000	3,509,000	2	4,245,000	79.19%
389,000	1	47	389,000	3,898,000	1	4,287,000	87.97%
533,000	1	48	533,000	4,431,000	0	4,431,000	100.00%

\$ 13,930

16096  
Customer Class: Government City w/ School Tax Sub 170

Meter Size: 4"

Middlesboro  
First 127,500  
Over 127,500

Proposed Rate  
\$284.73  
\$1.92

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total		
0	0	0	0	0	11	0	0.00%	0	\$ -
5,000	1	1	5,000	5,000	10	55,000	1.63%	5	\$ 285
6,000	2	3	12,000	17,000	8	65,000	5.56%	8	\$ 569
11,000	1	4	11,000	28,000	7	105,000	9.15%	11	\$ 285
21,000	1	5	21,000	49,000	6	175,000	16.01%	21	\$ 285
25,000	1	6	25,000	74,000	5	199,000	24.18%	25	\$ 285
33,000	1	7	33,000	107,000	4	239,000	34.97%	33	\$ 285
41,000	1	8	41,000	148,000	3	271,000	48.37%	41	\$ 285
43,000	1	9	43,000	191,000	2	277,000	62.42%	43	\$ 285
49,000	1	10	49,000	240,000	1	289,000	78.43%	49	\$ 285
66,000	1	11	66,000	306,000	0	306,000	100.00%	66	\$ 285
									\$ 3,132

16098

Customer Class: Government City Fire Protection Tax Exempt Sub 170

Meter Size: N/A

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Consumption Level	Number of Bills	Cumulative Bills	Gallons Consumed (1) X (2)	Cumulative Gallons	Reversed Bills	Consolidated Factor [(1)X(6)]+(5)	Percentage of Total
36,630	11	11	402,930	402,930	0	402,930	100.00%

36.6

16204  
 Customer Class: Commercial w/ School Tax and KY State Sales Tax

Meter Size: 5/8"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total
0	1	1	0	0	30	0	0.00%
1,000	21	22	21,000	21,000	9	30,000	43.75%
2,000	5	27	10,000	31,000	4	39,000	64.58%
3,000	2	29	6,000	37,000	2	43,000	77.08%
4,000	1	30	4,000	41,000	1	45,000	85.42%
7,000	1	31	7,000	48,000	0	48,000	100.00%

0  
1  
2  
3  
4  
7

Clinton  
 First 1,000 gallons  
 Next 9,000 gallons  
 Next 15,000 gallons  
 Next 25,000 gallons  
 Next 50,000 gallons  
 Next 100,000 gallons

Proposed Rate  
 \$9.02  
 \$5.11  
 \$4.69  
 \$4.27  
 \$3.79  
 \$3.31

\$ 9  
 \$ 189  
 \$ 71  
 \$ 38  
 \$ 24  
 \$ 40  
 \$ 372



16205  
Customer Class: Residential w/ School Tax

Meter Size: 5/8"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total	
0	30	30	0	0	206	0	0.00%	0
1,000	50	80	50,000	50,000	156	206,000	6.01%	1
2,000	39	119	78,000	128,000	117	362,000	15.38%	2
3,000	40	159	120,000	248,000	77	479,000	29.81%	3
4,000	27	186	108,000	356,000	50	556,000	42.79%	4
5,000	7	193	35,000	391,000	43	606,000	47.00%	5
6,000	8	201	48,000	439,000	35	649,000	52.76%	6
7,000	8	209	56,000	495,000	27	684,000	59.50%	7
8,000	11	220	88,000	583,000	16	711,000	70.07%	8
9,000	4	224	36,000	619,000	12	727,000	74.40%	9
10,000	3	227	30,000	649,000	9	739,000	78.00%	10
11,000	2	229	22,000	671,000	7	748,000	80.65%	11
12,000	1	230	12,000	683,000	6	755,000	82.09%	12
15,000	2	232	30,000	713,000	4	773,000	85.70%	15
24,000	1	233	24,000	737,000	3	809,000	88.58%	24
27,000	1	234	27,000	764,000	2	818,000	91.83%	27
32,000	1	235	32,000	796,000	1	828,000	95.67%	32
36,000	1	236	36,000	832,000	0	832,000	100.00%	36

Clinton	Proposed Rate
First 1,000 gallons	\$9.02
Next 9,000 gallons	\$5.11
Next 15,000 gallons	\$4.69
Next 25,000 gallons	\$4.27
Next 50,000 gallons	\$3.79
Next 100,000 gallons	\$3.31

\$ 5,280

16206  
 Customer Class: Public Authority w/ School Tax

Meter Size: 5/8"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total	
0	11	11	0	0	11	0	0.00%	0
1,000	10	21	10,000	10,000	1	11,000	83.33%	1
2,000	1	22	2,000	12,000	0	12,000	100.00%	2

Clinton  
 First 1,000 gallons  
 Next 9,000 gallons  
 Next 15,000 gallons  
 Next 25,000 gallons  
 Next 50,000 gallons  
 Next 100,000 gallons

Proposed Rate  
 \$9.02  
 \$5.11  
 \$4.69  
 \$4.27  
 \$3.79  
 \$3.31

\$ 99  
 \$ 90  
 \$ 14

\$ 204

16208  
Customer Class: Public Authority w/ School Tax

Meter Size: 1"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total	
0	0	0	0	0	33	0	0.00%	0
2,000	5	5	10,000	10,000	28	66,000	2.87%	2
3,000	4	9	12,000	22,000	24	94,000	6.30%	3
4,000	4	13	16,000	38,000	20	118,000	10.89%	4
6,000	2	15	12,000	50,000	18	158,000	14.33%	6
7,000	1	16	7,000	57,000	17	176,000	16.33%	7
9,000	1	17	9,000	66,000	16	210,000	18.91%	9
12,000	1	18	12,000	78,000	15	258,000	22.35%	12
15,000	1	19	15,000	93,000	14	303,000	26.65%	15
16,000	4	23	64,000	157,000	10	317,000	44.99%	16
17,000	3	26	51,000	208,000	7	327,000	59.60%	17
18,000	1	27	18,000	226,000	6	334,000	64.76%	18
19,000	3	30	57,000	283,000	3	340,000	81.09%	19
20,000	1	31	20,000	303,000	2	343,000	86.82%	20
21,000	1	32	21,000	324,000	1	345,000	92.84%	21
25,000	1	33	25,000	349,000	0	349,000	100.00%	25

Clinton  
First 5,300  
Next 4,700  
Next 15,000  
Next 25,000  
Next 50,000  
Over 100,000

Proposed Rate  
530.99  
\$5.11  
\$4.69  
\$4.27  
\$3.79  
\$3.31

S	-
S	155
S	124
S	124
S	69
S	40
S	50
S	64
S	78
S	333
S	264
S	93
S	292
S	102
S	107
S	125

\$ 2,019

16214  
 Customer Class: Commercial w/ School Tax and KY State Sales Tax

Meter Size: 3/4"

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Consumption Level	Number of Bills	Cumulative Bills	Gallons Consumed (1) X (2)	Cumulative Gallons	Reversed Bills	Consolidated Factor [(1)X(6)]+(5)]	Percentage of Total
0	122	122	0	0	350	0	0.00%
1,000	150	272	150,000	150,000	200	350,000	10.01%
2,000	45	317	90,000	240,000	155	550,000	16.02%
3,000	47	364	141,000	381,000	108	705,000	25.43%
4,000	23	387	92,000	473,000	85	813,000	31.58%
5,000	17	404	85,000	558,000	68	898,000	37.25%
6,000	15	419	90,000	648,000	53	966,000	43.26%
7,000	11	430	77,000	725,000	42	1,019,000	48.40%
8,000	10	440	80,000	805,000	32	1,061,000	53.74%
9,000	4	444	36,000	841,000	28	1,093,000	56.14%
10,000	3	447	30,000	871,000	25	1,121,000	58.14%
11,000	1	448	11,000	882,000	24	1,146,000	58.88%
12,000	2	450	24,000	906,000	22	1,170,000	60.48%
15,000	3	453	45,000	951,000	19	1,236,000	63.48%
16,000	1	454	16,000	967,000	18	1,255,000	64.55%
18,000	2	456	36,000	1,003,000	16	1,291,000	66.96%
19,000	3	459	57,000	1,060,000	13	1,307,000	70.76%
20,000	3	462	60,000	1,120,000	10	1,320,000	74.77%
22,000	3	465	66,000	1,186,000	7	1,340,000	79.17%
24,000	1	466	24,000	1,210,000	6	1,354,000	80.77%
25,000	2	468	50,000	1,260,000	4	1,360,000	84.11%
26,000	1	469	26,000	1,286,000	3	1,364,000	85.85%
30,000	1	470	30,000	1,316,000	2	1,376,000	87.85%
57,000	1	471	57,000	1,373,000	1	1,430,000	91.66%
125,000	1	472	125,000	1,498,000	0	1,498,000	100.00%

Clinton	Proposed Rate
First 1,000 gallons	\$9.02
Next 9,000 gallons	\$5.11
Next 15,000 gallons	\$4.69
Next 25,000 gallons	\$4.27
Next 50,000 gallons	\$3.79
Next 100,000 gallons	\$3.31

0	\$	1,100
1	\$	1,353
2	\$	636
3	\$	904
4	\$	560
5	\$	501
6	\$	519
7	\$	436
8	\$	448
9	\$	200
10	\$	165
11	\$	60
12	\$	129
15	\$	235
16	\$	83
18	\$	185
19	\$	292
20	\$	306
22	\$	334
24	\$	121
25	\$	251
26	\$	130
30	\$	147
57	\$	259
125	\$	504

\$ 9,856

16230  
 Customer Class: Commercial Out City w/ School Tax and KY State Sales Tax

Meter Size: 1"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]÷(5)	(8) Percentage of Total
0	0	0	0	0	6	0	0.00%
11,000	1	1	11,000	11,000	5	66,000	5.79%
17,000	1	2	17,000	28,000	4	96,000	14.74%
26,000	1	3	26,000	54,000	3	132,000	28.42%
37,000	1	4	37,000	91,000	2	165,000	47.89%
42,000	1	5	42,000	133,000	1	175,000	70.00%
57,000	1	6	57,000	190,000	0	190,000	100.00%

Clinton

First 5,300  
 Next 4,700  
 Next 15,000  
 Next 25,000  
 Next 50,000  
 Over 100,000

Proposed Rate

\$30.99  
 \$5.11  
 \$4.69  
 \$4.27  
 \$3.79  
 \$3.31

\$	-
\$	60
\$	88
\$	130
\$	177
\$	198
\$	259
<b>\$</b>	<b>910</b>

16234  
 Customer Class: Commercial Out City w/ School Tax and KY State Sales Tax

Meter Size: 3/4"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total
0	10	10	0	0	20	0	0.00%
1,000	7	17	7,000	7,000	13	20,000	6.48%
2,000	3	20	6,000	13,000	10	33,000	12.04%
4,000	2	22	8,000	21,000	8	53,000	19.44%
5,000	2	24	10,000	31,000	6	61,000	28.70%
6,000	1	25	6,000	37,000	5	67,000	34.26%
8,000	1	26	8,000	45,000	4	77,000	41.67%
13,000	1	27	13,000	58,000	3	97,000	53.70%
15,000	1	28	15,000	73,000	2	103,000	67.59%
16,000	1	29	16,000	89,000	1	105,000	82.41%
19,000	1	30	19,000	108,000	0	108,000	100.00%

Clinton  
 First 1,000 gallons  
 Next 9,000 gallons  
 Next 15,000 gallons  
 Next 25,000 gallons  
 Next 50,000 gallons  
 Next 100,000 gallons

Proposed Rate  
 \$9.02  
 \$5.11  
 \$4.69  
 \$4.27  
 \$3.79  
 \$3.31

0	\$	90
1	\$	63
2	\$	42
4	\$	49
5	\$	59
8	\$	35
8	\$	45
13	\$	69
15	\$	78
16	\$	83
19	\$	97
		\$ 711

16235  
Customer Class: Residential w/ School Tax

Meter Size: 3/4"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]*(5)]	(8) Percentage of Total		
0	315	315	0	0	4,574	0	0.00%	0	
1,000	902	1,217	902,000	902,000	3,672	4,574,000	4.96%	1	\$ 2,841
2,000	901	2,118	1,802,000	2,704,000	2,771	8,246,000	14.87%	2	\$ 8,136
3,000	777	2,895	2,331,000	5,035,000	1,994	11,017,000	27.69%	3	\$ 12,731
4,000	823	3,518	2,492,000	7,527,000	1,371	13,011,000	41.39%	4	\$ 14,949
5,000	448	3,966	2,240,000	9,767,000	923	14,382,000	53.71%	5	\$ 15,170
6,000	319	4,285	1,914,000	11,681,000	604	15,305,000	64.23%	6	\$ 13,198
7,000	220	4,505	1,540,000	13,221,000	384	15,909,000	72.70%	7	\$ 11,028
8,000	121	4,626	968,000	14,189,000	263	16,293,000	78.03%	8	\$ 8,730
9,000	59	4,685	531,000	14,720,000	204	16,556,000	80.95%	9	\$ 5,420
10,000	47	4,732	470,000	15,190,000	157	16,760,000	83.53%	10	\$ 2,944
11,000	30	4,762	330,000	15,520,000	127	16,917,000	85.35%	11	\$ 2,585
12,000	23	4,785	276,000	15,796,000	104	17,044,000	86.86%	12	\$ 1,791
13,000	12	4,797	156,000	15,952,000	92	17,148,000	87.72%	13	\$ 1,481
14,000	13	4,810	182,000	16,134,000	79	17,240,000	88.72%	14	\$ 829
15,000	12	4,822	180,000	16,314,000	67	17,319,000	89.71%	15	\$ 959
16,000	11	4,833	176,000	16,490,000	56	17,386,000	90.68%	16	\$ 942
17,000	8	4,841	136,000	16,626,000	48	17,442,000	91.43%	17	\$ 915
18,000	5	4,846	90,000	16,716,000	43	17,490,000	91.92%	18	\$ 703
19,000	5	4,851	95,000	16,811,000	38	17,533,000	92.44%	19	\$ 463
20,000	2	4,853	40,000	16,851,000	36	17,571,000	92.66%	20	\$ 486
21,000	2	4,855	42,000	16,893,000	34	17,607,000	92.90%	21	\$ 204
22,000	2	4,857	44,000	16,937,000	32	17,641,000	93.14%	22	\$ 213
23,000	5	4,862	115,000	17,052,000	27	17,673,000	93.77%	23	\$ 223
24,000	5	4,867	120,000	17,172,000	22	17,700,000	94.43%	24	\$ 580
25,000	2	4,869	50,000	17,222,000	20	17,722,000	94.70%	25	\$ 603
26,000	1	4,870	26,000	17,248,000	19	17,742,000	94.85%	26	\$ 251
27,000	1	4,871	27,000	17,275,000	18	17,761,000	95.00%	27	\$ 130
28,000	3	4,874	84,000	17,359,000	15	17,779,000	95.46%	28	\$ 134
30,000	2	4,876	60,000	17,419,000	13	17,809,000	95.79%	30	\$ 415
31,000	2	4,878	62,000	17,481,000	11	17,822,000	96.13%	31	\$ 293
34,000	1	4,879	34,000	17,515,000	10	17,855,000	96.32%	34	\$ 302
35,000	1	4,880	35,000	17,550,000	9	17,865,000	96.51%	35	\$ 164
37,000	1	4,881	37,000	17,587,000	8	17,865,000	96.51%	37	\$ 168
38,000	1	4,882	38,000	17,625,000	7	17,883,000	96.71%	38	\$ 177
40,000	1	4,883	40,000	17,665,000	6	17,891,000	96.92%	40	\$ 181
43,000	1	4,884	43,000	17,708,000	5	17,905,000	97.14%	43	\$ 189
49,000	1	4,885	49,000	17,757,000	4	17,923,000	97.38%	49	\$ 202
84,000	1	4,886	84,000	17,841,000	3	17,953,000	97.65%	84	\$ 228
92,000	1	4,887	92,000	17,933,000	2	18,093,000	98.11%	92	\$ 361
97,000	1	4,888	97,000	18,030,000	1	18,117,000	98.61%	97	\$ 391
155,000	1	4,889	155,000	18,185,000	0	18,127,000	99.15%	97	\$ 410
						18,185,000	100.00%	155	\$ 604

Clinton	Proposed Rate
First 1,000 gallons	\$9.02
Next 9,000 gallons	\$5.11
Next 15,000 gallons	\$4.69
Next 25,000 gallons	\$4.27
Next 50,000 gallons	\$3.79
Next 100,000 gallons	\$3.31

\$ 110,337

16236  
 Customer Class: Public Authority Out City w/ School Tax

Meter Size: 3/4"

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Consumption Level	Number of Bills	Cumulative Bills	Gallons Consumed (1) X (2)	Cumulative Gallons	Reversed Bills	Consolidated Factor [(1)X(6)]+(5)]	Percentage of Total
0	6	6	0	0	0	0	#DIV/0!

**Clinton**  
 First 1,000 gallons  
 Next 9,000 gallons  
 Next 15,000 gallons  
 Next 25,000 gallons  
 Next 50,000 gallons  
 Next 100,000 gallons

**Proposed Rate**  
 \$9.02  
 \$5.11  
 \$4.69  
 \$4.27  
 \$3.79  
 \$3.31

\$ 54  
\$ 54



16238  
Customer Class: Public Authority w/ School Tax

Meter Size: 1 1/2"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total
0	0	0	0	0	22	0	0.00%
2,000	7	7	14,000	14,000	15	44,000	1.17%
3,000	2	9	6,000	20,000	13	59,000	1.67%
4,000	2	11	8,000	28,000	11	72,000	2.33%
83,000	1	12	83,000	111,000	10	941,000	9.24%
84,000	1	13	84,000	195,000	9	951,000	16.24%
87,000	1	14	87,000	282,000	8	978,000	23.48%
95,000	1	15	95,000	377,000	7	1,042,000	31.39%
97,000	1	16	97,000	474,000	6	1,056,000	39.47%
104,000	1	17	104,000	578,000	5	1,098,000	48.13%
106,000	1	18	106,000	684,000	4	1,108,000	56.95%
115,000	1	19	115,000	799,000	3	1,144,000	66.53%
122,000	1	20	122,000	921,000	2	1,165,000	76.69%
137,000	1	21	137,000	1,058,000	1	1,195,000	88.09%
143,000	1	22	143,000	1,201,000	0	1,201,000	100.00%

Clinton  
First 11,200  
Next 13,800  
Next 25,000 gallons  
Next 50,000 gallons  
Over 100,000 gallons

Proposed Rate  
\$60.64  
\$4.69  
\$4.27  
\$3.79  
\$3.31

0	\$	-
2	\$	424
3	\$	121
4	\$	121
83	\$	357
84	\$	361
87	\$	372
87	\$	403
95	\$	410
97	\$	410
104	\$	435
108	\$	441
115	\$	471
122	\$	494
137	\$	544
143	\$	564

**\$ 5,520**

16242  
Customer Class: Commercial w/ School Tax

Meter Size: 3/4"

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Consumption Level	Number of Bills	Cumulative Bills	Gallons Consumed (1) X (2)	Cumulative Gallons	Revised Bills	Consolidated Factor [(1)X(6)]÷(5)]	Percentage of Total	
0	88	88	0	0	61	0	0.00%	0
1,000	27	96	27,000	27,000	34	61,000	8.85%	1
2,000	5	101	10,000	37,000	29	95,000	12.13%	2
3,000	5	106	15,000	52,000	24	124,000	17.05%	3
4,000	1	107	4,000	56,000	23	148,000	18.36%	4
6,000	3	110	18,000	74,000	20	194,000	24.26%	6
7,000	5	115	35,000	109,000	15	214,000	35.74%	7
8,000	2	117	16,000	125,000	13	229,000	40.98%	8
10,000	3	120	30,000	155,000	10	255,000	50.82%	10
11,000	2	122	22,000	177,000	8	265,000	58.03%	11
12,000	2	124	24,000	201,000	6	273,000	65.90%	12
14,000	2	126	28,000	229,000	4	285,000	75.08%	14
15,000	1	127	15,000	244,000	3	289,000	80.00%	15
16,000	1	128	16,000	260,000	2	292,000	85.25%	16
17,000	1	129	17,000	277,000	1	294,000	90.82%	17
28,000	1	130	28,000	305,000	0	305,000	100.00%	28

Clinton	Proposed Rate
First 1,000 gallons	\$9.02
Next 9,000 gallons	\$5.11
Next 15,000 gallons	\$4.69
Next 25,000 gallons	\$4.27
Next 50,000 gallons	\$3.79
Next 100,000 gallons	\$3.31

\$	622
\$	244
\$	71
\$	96
\$	24
\$	104
\$	198
\$	90
\$	165
\$	119
\$	129
\$	148
\$	78
\$	83
\$	88
\$	138
\$	2,397

16244  
 Customer Class: Commercial w/ School Tax and KY State Sales Tax

Meter Size: 1"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)]	(8) Percentage of Total	
0	0	0	0	0	22	0	0.00%	0
1,000	4	4	4,000	4,000	18	22,000	6.35%	1
2,000	7	11	14,000	18,000	11	40,000	28.57%	2
3,000	6	17	18,000	36,000	5	51,000	57.14%	3
4,000	4	21	16,000	52,000	1	56,000	82.54%	4
11,000	1	22	11,000	63,000	0	63,000	100.00%	11

Clinton  
 First 5,300  
 Next 4,700  
 Next 15,000  
 Next 25,000  
 Next 50,000  
 Over 100,000

Proposed Rate  
 \$30.99  
 \$5.11  
 \$4.69  
 \$4.27  
 \$3.79  
 \$3.31

\$	-
\$	124
\$	217
\$	186
\$	124
\$	60
<b>\$</b>	<b>710</b>

16246  
Customer Class: Public Authority w/ School Tax

Meter Size: 3/4"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total
0	12	12	0	0	43	0	0.00%
1,000	5	17	5,000	5,000	38	43,000	2.94%
2,000	13	30	26,000	31,000	25	81,000	18.24%
3,000	8	38	24,000	55,000	17	106,000	32.35%
4,000	7	45	28,000	83,000	10	123,000	48.82%
5,000	1	46	5,000	88,000	9	133,000	51.76%
6,000	4	50	24,000	112,000	5	142,000	65.88%
7,000	2	52	14,000	126,000	3	147,000	74.12%
8,000	1	53	8,000	134,000	2	150,000	78.82%
11,000	1	54	11,000	145,000	1	156,000	85.29%
25,000	1	55	25,000	170,000	0	170,000	100.00%

0  
1  
2  
3  
4  
5  
6  
7  
8  
11  
25

Clinton  
First 1,000 gallons  
Next 9,000 gallons  
Next 15,000 gallons  
Next 25,000 gallons  
Next 50,000 gallons  
Next 100,000 gallons

Proposed Rate  
\$9.02  
\$5.11  
\$4.69  
\$4.27  
\$3.79  
\$3.31

\$ 108  
\$ 45  
\$ 184  
\$ 154  
\$ 170  
\$ 29  
\$ 138  
\$ 79  
\$ 45  
\$ 60  
\$ 125  
**\$ 1,138**

16247  
 Customer Class: Multiple w/ School Tax and KY State Sales Tax

Meter Size: 1"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]÷(5)	(8) Percentage of Total
0	0	0	0	0	42	0	0.00%
6,000	2	2	12,000	12,000	40	252,000	1.81%
7,000	2	4	14,000	26,000	38	292,000	3.92%
8,000	2	6	16,000	42,000	36	330,000	6.33%
9,000	2	8	18,000	60,000	34	366,000	9.04%
10,000	2	10	20,000	80,000	32	400,000	12.05%
11,000	2	12	22,000	102,000	30	432,000	15.36%
12,000	3	15	36,000	138,000	27	462,000	20.78%
13,000	2	17	26,000	164,000	25	489,000	24.70%
14,000	5	22	70,000	234,000	20	514,000	35.24%
15,000	3	25	45,000	279,000	17	534,000	42.02%
16,000	1	26	16,000	295,000	16	551,000	44.43%
17,000	2	28	34,000	329,000	14	567,000	49.55%
18,000	2	30	36,000	365,000	12	581,000	54.97%
19,000	1	31	19,000	384,000	11	593,000	57.83%
20,000	2	33	40,000	424,000	9	604,000	63.86%
21,000	2	35	42,000	466,000	7	613,000	70.18%
22,000	1	36	22,000	488,000	6	620,000	73.49%
23,000	1	37	23,000	511,000	5	626,000	76.96%
24,000	1	38	24,000	535,000	4	631,000	80.57%
25,000	1	39	25,000	560,000	3	635,000	84.34%
27,000	1	40	27,000	587,000	2	641,000	88.40%
33,000	1	41	33,000	620,000	1	653,000	93.37%
44,000	1	42	44,000	664,000	0	664,000	100.00%

Clinton  
 First 5,300  
 Next 4,700  
 Next 15,000  
 Next 25,000  
 Next 50,000  
 Over 100,000

Proposed Rate  
 \$30.99  
 \$5.11  
 \$4.69  
 \$4.27  
 \$3.79  
 \$3.31

0	\$	.
6	\$	69
7	\$	79
8	\$	90
9	\$	100
10	\$	110
11	\$	119
12	\$	193
13	\$	138
14	\$	369
15	\$	235
16	\$	83
17	\$	176
18	\$	185
19	\$	97
20	\$	204
21	\$	213
22	\$	111
23	\$	116
24	\$	121
25	\$	125
27	\$	134
33	\$	160
44	\$	206

\$	3,434
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16248  
Customer Class: Public Authority w/ School Tax

Meter Size: 2"

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Consumption Level	Number of Bills	Cumulative Bills	Gallons Consumed (1) X (2)	Cumulative Gallons	Reversed Bills	Consolidated Factor [(1)X(6)]+(5)	Percentage of Total
0	2	2	0	0	52	0	0.00%
1,000	7	9	7,000	7,000	45	52,000	0.20%
2,000	6	15	12,000	19,000	39	97,000	0.55%
3,000	3	18	9,000	28,000	36	136,000	0.81%
4,000	1	19	4,000	32,000	35	172,000	0.92%
5,000	1	20	5,000	37,000	34	207,000	1.07%
6,000	1	21	6,000	43,000	33	241,000	1.24%
44,000	1	22	44,000	87,000	32	1,495,000	2.51%
52,000	1	23	52,000	139,000	31	1,751,000	4.02%
54,000	1	24	54,000	193,000	30	1,813,000	5.58%
55,000	1	25	55,000	248,000	29	1,843,000	7.17%
57,000	1	26	57,000	305,000	28	1,901,000	8.81%
60,000	1	27	60,000	365,000	27	1,985,000	10.55%
70,000	1	28	70,000	435,000	26	2,255,000	12.57%
74,000	1	29	74,000	509,000	25	2,459,000	14.71%
78,000	3	32	234,000	743,000	22	2,459,000	21.47%
87,000	2	34	174,000	917,000	20	2,657,000	26.50%
93,000	1	35	93,000	1,010,000	19	2,777,000	29.18%
94,000	1	36	94,000	1,104,000	18	2,796,000	31.90%
97,000	2	38	194,000	1,298,000	16	2,850,000	37.50%
98,000	1	39	98,000	1,396,000	15	2,866,000	40.34%
110,000	1	40	110,000	1,506,000	14	3,046,000	43.51%
116,000	1	41	116,000	1,622,000	13	3,130,000	46.87%
124,000	1	42	124,000	1,746,000	12	3,234,000	50.45%
125,000	2	44	250,000	1,996,000	10	3,246,000	57.67%
126,000	1	45	126,000	2,122,000	9	3,256,000	61.31%
130,000	1	46	130,000	2,252,000	8	3,292,000	65.07%
133,000	1	47	133,000	2,385,000	7	3,316,000	68.91%
136,000	1	48	136,000	2,521,000	6	3,337,000	72.84%
138,000	1	49	138,000	2,659,000	5	3,349,000	76.83%
144,000	1	50	144,000	2,803,000	4	3,379,000	80.99%
145,000	1	51	145,000	2,948,000	3	3,383,000	85.18%
149,000	1	52	149,000	3,097,000	2	3,395,000	89.48%
179,000	1	53	179,000	3,276,000	1	3,455,000	94.65%
185,000	1	54	185,000	3,461,000	0	3,461,000	100.00%

Clinton	Proposed Rate
First 17,600	\$90.65
Next 7,400	\$4.69
Next 25,000 gallons	\$4.27
Next 50,000 gallons	\$3.79
Over 100,000	\$3.31

0	\$	181
1	\$	635
2	\$	544
3	\$	272
4	\$	91
5	\$	91
6	\$	91
44	\$	206
52	\$	240
54	\$	247
55	\$	251
57	\$	259
60	\$	270
70	\$	308
74	\$	323
78	\$	1,015
87	\$	745
93	\$	395
94	\$	399
97	\$	820
98	\$	414
110	\$	455
116	\$	475
124	\$	501
125	\$	1,009
126	\$	508
130	\$	521
133	\$	531
136	\$	541
138	\$	547
144	\$	567
145	\$	571
149	\$	584
179	\$	683
185	\$	703
\$		15,990

16254  
 Customer Class: Commercial w/ School Tax and KY State Sales Tax

Meter Size: 1 1/2"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor {(1)X(6)}+(5)	(8) Percentage of Total	
0	0	0	0	0	22	0	0.00%	0
11,000	1	1	11,000	11,000	21	242,000	0.89%	11
14,000	2	3	28,000	39,000	19	305,000	3.15%	14
15,000	1	4	15,000	54,000	18	324,000	4.37%	15
17,000	1	5	17,000	71,000	17	360,000	5.74%	17
18,000	2	7	36,000	107,000	15	377,000	8.65%	18
19,000	2	9	38,000	145,000	13	392,000	11.72%	19
27,000	1	10	27,000	172,000	12	496,000	13.90%	27
36,000	1	11	36,000	208,000	11	604,000	16.81%	36
60,000	2	13	120,000	328,000	9	868,000	26.52%	60
64,000	1	14	64,000	392,000	8	904,000	31.69%	64
72,000	1	15	72,000	464,000	7	968,000	37.51%	72
78,000	1	16	78,000	542,000	6	1,010,000	43.82%	78
84,000	1	17	84,000	626,000	5	1,046,000	50.61%	84
91,000	1	18	91,000	717,000	4	1,081,000	57.96%	91
108,000	1	19	108,000	825,000	3	1,149,000	66.69%	108
117,000	1	20	117,000	942,000	2	1,176,000	76.15%	117
146,000	1	21	146,000	1,088,000	1	1,234,000	87.95%	146
149,000	1	22	149,000	1,237,000	0	1,237,000	100.00%	149

Clinton	Proposed Rate
First 11,200	\$60.64
Next 13,800	\$4.69
Next 25,000 gallons	\$4.27
Next 50,000 gallons	\$3.79
Over 100,000 gallons	\$3.31

\$	-
\$	61
\$	148
\$	78
\$	88
\$	185
\$	194
\$	134
\$	172
\$	36
\$	60
\$	285
\$	64
\$	72
\$	338
\$	315
\$	338
\$	361
\$	84
\$	388
\$	448
\$	108
\$	478
\$	574
\$	146
\$	584
\$ 5,371	

16257  
 Customer Class: Multiple w/ School Tax and KY State Sales Tax

Meter Size: 2"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total
0	0	0	0	0	6	0	0.00%
34,000	1	1	34,000	34,000	5	204,000	12.83%
44,000	1	2	44,000	78,000	4	254,000	29.43%
45,000	1	3	45,000	123,000	3	258,000	46.42%
46,000	2	5	92,000	215,000	1	261,000	81.13%
50,000	1	6	50,000	265,000	0	265,000	100.00%

0  
34  
44  
45  
46  
50

Clinton  
 First 17,600  
 Next 7,400  
 Next 25,000 gallons  
 Next 50,000 gallons  
 Over 100,000

Proposed Rate  
 \$90.65  
 \$4.69  
 \$4.27  
 \$3.79  
 \$3.31

\$ -  
 \$ 164  
 \$ 206  
 \$ 211  
 \$ 430  
 \$ 232  
 \$ 1,243



16263  
 Customer Class: Commercial w/ School Tax and KY State Sales Tax

Meter Size: 2"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total
0	2	2	0	0	6	0	0.00%
1,000	4	6	4,000	4,000	2	6,000	40.00%
2,000	1	7	2,000	6,000	1	8,000	60.00%
4,000	1	8	4,000	10,000	0	10,000	100.00%

0  
1  
2  
4

Clinton  
 First 1,000 gallons  
 Next 9,000 gallons  
 Next 15,000 gallons  
 Next 25,000 gallons  
 Next 50,000 gallons  
 Next 100,000 gallons

Proposed Rate  
 \$9.02  
 \$5.11  
 \$4.69  
 \$4.27  
 \$3.79  
 \$3.31

\$ 18  
 \$ 36  
 \$ 14  
 \$ 24

**\$ 93**

16264  
Customer Class: Residential w/ School Tax and KY State Sales Tax

Meter Size: 3/4"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]÷(5)	(8) Percentage of Total
0	2	2	0	0	16	0	0.00%
1,000	1	3	1,000	1,000	15	16,000	0.04%
2,000	4	7	8,000	9,000	11	31,000	0.39%
149,000	1	8	149,000	158,000	10	1,648,000	6.83%
150,000	1	9	150,000	308,000	9	1,658,000	13.32%
172,000	1	10	172,000	480,000	8	1,856,000	20.76%
191,000	1	11	191,000	671,000	7	2,008,000	29.02%
195,000	1	12	195,000	866,000	6	2,036,000	37.46%
208,000	1	13	208,000	1,074,000	5	2,114,000	46.45%
215,000	1	14	215,000	1,289,000	4	2,149,000	55.75%
221,000	1	15	221,000	1,510,000	3	2,173,000	65.31%
228,000	1	16	228,000	1,738,000	2	2,194,000	75.17%
285,000	1	17	285,000	2,023,000	1	2,308,000	87.50%
289,000	1	18	289,000	2,312,000	0	2,312,000	100.00%

0  
1  
2  
149  
150  
172  
191  
195  
208  
215  
221  
228  
285  
289

<u>Clinton</u>	<u>Proposed Rate</u>
First 17,600	\$90.65
Next 7,400	\$4.69
Next 25,000 gallons	\$4.27
Next 50,000 gallons	\$3.79
Over 100,000	\$3.31

\$	181
\$	91
\$	363
\$	584
\$	587
\$	660
\$	723
\$	736
\$	779
\$	802
\$	822
\$	845
\$	1,034
\$	1,047
\$	9,254

16266  
Customer Class: Residential Out City w/ School Tax

Meter Size: 3/4"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]*(5)	(8) Percentage of Total
0	5	5	0	0	428	0	0.00%
1,000	39	44	39,000	39,000	389	428,000	2.11%
2,000	56	100	112,000	151,000	333	817,000	8.19%
3,000	108	208	324,000	475,000	225	1,150,000	25.76%
4,000	71	279	284,000	759,000	154	1,375,000	41.16%
5,000	48	327	240,000	999,000	106	1,529,000	54.18%
6,000	39	366	234,000	1,233,000	67	1,635,000	66.87%
7,000	22	388	154,000	1,387,000	45	1,702,000	75.22%
8,000	20	408	160,000	1,547,000	25	1,747,000	83.89%
9,000	9	417	81,000	1,628,000	16	1,772,000	88.29%
10,000	6	423	60,000	1,688,000	10	1,788,000	91.54%
12,000	1	424	12,000	1,700,000	9	1,808,000	92.19%
13,000	1	424	52,000	1,752,000	5	1,817,000	95.01%
16,000	4	428	48,000	1,800,000	2	1,832,000	97.61%
19,000	3	431	19,000	1,819,000	1	1,838,000	98.64%
25,000	1	432	25,000	1,844,000	0	1,844,000	100.00%

**Clinton**  
First 1,000 gallons  
Next 9,000 gallons  
Next 15,000 gallons  
Next 25,000 gallons  
Next 50,000 gallons  
Next 100,000 gallons

**Proposed Rate**  
\$9.02  
\$5.11  
\$4.69  
\$4.27  
\$3.79  
\$3.31

\$	45
\$	352
\$	791
\$	2,078
\$	1,729
\$	1,414
\$	1,348
\$	873
\$	896
\$	449
\$	330
\$	64
\$	276
\$	249
\$	97
\$	125
<b>\$</b>	<b>11,118</b>

Customer Class: Residential Out City w/ School Tax

Meter Size: 3/4"

Clinton

Proposed Rate

First 1,000 gallons	\$9.02
Next 9,000 gallons	\$5.11
Next 15,000 gallons	\$4.69
Next 25,000 gallons	\$4.27
Next 50,000 gallons	\$3.79
Next 100,000 gallons	\$3.31

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		
Consumption Level	Number of Bills	Cumulative Bills	Gallons Consumed (1) X (2)	Cumulative Gallons	Reversed Bills	Consolidated Factor [(1)X(6)]+(5)	Percentage of Total		
0	152	152	0	0	649	0	0.00%	0	\$ 1,371
1,000	213	365	213,000	213,000	436	649,000	2.76%	1	\$ 1,921
2,000	79	444	158,000	371,000	357	1,085,000	4.80%	2	\$ 1,116
3,000	62	506	186,000	557,000	295	1,442,000	7.21%	3	\$ 1,193
4,000	38	544	152,000	709,000	257	1,737,000	9.18%	4	\$ 925
5,000	25	569	125,000	834,000	232	1,994,000	10.80%	5	\$ 737
6,000	29	598	174,000	1,008,000	203	2,226,000	13.05%	6	\$ 1,003
7,000	18	616	126,000	1,134,000	185	2,429,000	14.68%	7	\$ 714
8,000	18	634	144,000	1,278,000	167	2,614,000	16.55%	8	\$ 806
9,000	14	648	126,000	1,404,000	153	2,781,000	18.18%	9	\$ 699
10,000	12	660	120,000	1,524,000	141	2,934,000	19.73%	10	\$ 660
11,000	10	670	110,000	1,634,000	131	3,075,000	21.15%	11	\$ 597
12,000	6	676	72,000	1,706,000	125	3,206,000	22.09%	12	\$ 386
13,000	5	681	65,000	1,771,000	120	3,331,000	22.93%	13	\$ 345
14,000	9	690	126,000	1,897,000	111	3,451,000	23.56%	14	\$ 664
15,000	11	701	165,000	2,062,000	100	3,562,000	26.70%	15	\$ 863
16,000	5	706	80,000	2,142,000	95	3,662,000	27.73%	16	\$ 416
17,000	5	711	85,000	2,227,000	90	3,757,000	28.83%	17	\$ 439
18,000	7	718	126,000	2,353,000	83	3,847,000	30.46%	18	\$ 648
19,000	8	726	152,000	2,505,000	75	3,930,000	32.43%	19	\$ 778
20,000	5	731	100,000	2,605,000	70	4,005,000	33.73%	20	\$ 510
21,000	3	734	63,000	2,668,000	67	4,075,000	34.54%	21	\$ 320
22,000	4	738	88,000	2,756,000	63	4,142,000	35.68%	22	\$ 445
23,000	3	741	69,000	2,825,000	60	4,205,000	36.57%	23	\$ 348
24,000	2	743	48,000	2,873,000	58	4,265,000	37.20%	24	\$ 241
25,000	4	747	100,000	2,973,000	54	4,323,000	38.49%	25	\$ 501
26,000	2	749	52,000	3,025,000	52	4,377,000	39.16%	26	\$ 259
27,000	2	751	54,000	3,079,000	50	4,429,000	39.86%	27	\$ 268
29,000	1	752	29,000	3,108,000	49	4,529,000	40.24%	29	\$ 142
30,000	2	754	60,000	3,168,000	47	4,578,000	41.02%	30	\$ 293
31,000	2	756	62,000	3,230,000	45	4,625,000	41.82%	31	\$ 302
33,000	1	757	33,000	3,263,000	44	4,715,000	42.24%	33	\$ 160
34,000	1	758	34,000	3,297,000	43	4,759,000	42.69%	34	\$ 164
36,000	1	759	36,000	3,333,000	42	4,845,000	43.15%	36	\$ 172
37,000	1	760	37,000	3,370,000	41	4,887,000	43.61%	37	\$ 177
40,000	1	761	40,000	3,410,000	40	5,010,000	44.15%	40	\$ 189
42,000	3	764	126,000	3,536,000	37	5,090,000	45.78%	42	\$ 594
44,000	2	766	88,000	3,624,000	35	5,164,000	46.92%	44	\$ 413
45,000	1	767	45,000	3,669,000	34	5,199,000	47.50%	45	\$ 211
46,000	2	769	92,000	3,761,000	32	5,233,000	48.69%	46	\$ 430
47,000	1	770	47,000	3,808,000	31	5,265,000	49.30%	47	\$ 219
50,000	2	772	100,000	3,908,000	29	5,358,000	50.60%	50	\$ 464
53,000	1	773	53,000	3,961,000	28	5,445,000	51.28%	53	\$ 243
57,000	3	776	171,000	4,132,000	25	5,557,000	53.50%	57	\$ 776
60,000	3	779	180,000	4,312,000	22	5,632,000	55.83%	60	\$ 810
64,000	1	780	64,000	4,376,000	21	5,720,000	56.65%	64	\$ 285
72,000	1	781	72,000	4,448,000	20	5,888,000	57.59%	72	\$ 315
75,000	1	782	75,000	4,523,000	19	5,948,000	58.56%	75	\$ 327
78,000	1	783	78,000	4,601,000	18	6,005,000	59.57%	78	\$ 338
84,000	1	784	84,000	4,685,000	17	6,113,000	60.66%	84	\$ 361
91,000	1	785	91,000	4,776,000	16	6,232,000	61.83%	91	\$ 388
108,000	1	786	108,000	4,884,000	15	6,504,000	63.23%	108	\$ 448
117,000	1	787	117,000	5,001,000	14	6,639,000	64.75%	117	\$ 478
125,000	1	788	125,000	5,126,000	13	6,751,000	66.36%	125	\$ 504
146,000	1	789	146,000	5,272,000	12	7,024,000	68.25%	146	\$ 574
149,000	2	791	298,000	5,570,000	10	7,060,000	72.11%	149	\$ 1,168
150,000	1	792	150,000	5,720,000	9	7,070,000	74.05%	150	\$ 587
172,000	1	793	172,000	5,892,000	8	7,268,000	76.28%	172	\$ 660
191,000	1	794	191,000	6,083,000	7	7,420,000	78.75%	191	\$ 723
195,000	1	795	195,000	6,278,000	6	7,448,000	81.28%	195	\$ 736
208,000	1	796	208,000	6,486,000	5	7,526,000	83.97%	208	\$ 779
215,000	1	797	215,000	6,701,000	4	7,561,000	86.76%	215	\$ 802
221,000	1	798	221,000	6,922,000	3	7,585,000	89.62%	221	\$ 822
228,000	1	799	228,000	7,150,000	2	7,606,000	92.57%	228	\$ 845
285,000	1	800	285,000	7,435,000	1	7,720,000	96.26%	285	\$ 1,034
289,000	1	801	289,000	7,724,000	0	7,724,000	100.00%	289	\$ 1,047

\$ 38,155

16272  
Customer Class: Multiple w/ School Tax

Meter Size: 3/4"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]*(5)]	(8) Percentage of Total
0	0	0	0	0	6	0	0.00%
1,000	6	6	6,000	6,000	0	6,000	100.00%

0  
1

Clinton  
First 1,000 gallons  
Next 9,000 gallons  
Next 15,000 gallons  
Next 25,000 gallons  
Next 50,000 gallons  
Next 100,000 gallons

Proposed Rate  
\$9.02  
\$5.11  
\$4.69  
\$4.27  
\$3.79  
\$3.31

\$ -  
\$ 54

\$	54
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16275  
 Customer Class: Multiple w/ School Tax

Meter Size: 3/4"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total
0	0	0	0	0	5	0	0.00%
1,000	5	5	5,000	5,000	0	5,000	100.00%

0  
1

Clinton  
 First 1,000 gallons  
 Next 9,000 gallons  
 Next 15,000 gallons  
 Next 25,000 gallons  
 Next 50,000 gallons  
 Next 100,000 gallons

Proposed Rate  
 \$9.02  
 \$5.11  
 \$4.69  
 \$4.27  
 \$3.79  
 \$3.31

\$ -  
 \$ 45  
 \$ 45

16276  
Customer Class: Multiple w/ School Tax

Meter Size: 3/4"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total
0	0	0	0	0	25	0	0.00%
1,000	8	8	8,000	8,000	17	25,000	8.60%
2,000	4	12	8,000	16,000	13	42,000	17.20%
3,000	1	13	3,000	19,000	12	55,000	20.43%
4,000	4	17	16,000	35,000	8	67,000	37.63%
5,000	1	18	5,000	40,000	7	75,000	43.01%
6,000	3	21	18,000	58,000	4	82,000	62.37%
8,000	1	22	8,000	66,000	3	90,000	70.97%
9,000	3	25	27,000	93,000	0	93,000	100.00%

Clinton	Proposed Rate
First 1,000 gallons	\$9.02
Next 9,000 gallons	\$5.11
Next 15,000 gallons	\$4.69
Next 25,000 gallons	\$4.27
Next 50,000 gallons	\$3.79
Next 100,000 gallons	\$3.31

0	\$	-
1	\$	72
2	\$	57
3	\$	19
4	\$	97
5	\$	29
6	\$	104
8	\$	45
9	\$	150

\$ 573

16278  
 Customer Class: Residential w/ School Tax and KY State Sales Tax

Meter Size: 3/4"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total
0	0	0	0	0	5	0	0.00%
42,000	2	2	84,000	84,000	3	210,000	35.29%
47,000	1	3	47,000	131,000	2	225,000	55.04%
50,000	1	4	50,000	181,000	1	231,000	76.05%
57,000	1	5	57,000	238,000	0	238,000	100.00%

0  
42  
47  
50  
57

<u>Clinton</u>	<u>Proposed Rate</u>
First 7,600	\$90.65
Next 7,400	\$4.69
Next 25,000 gallons	\$4.27
Next 50,000 gallons	\$3.79
Over 100,000	\$3.31

\$	-
\$	396
\$	219
\$	232
\$	259
<b>\$</b>	<b>1,106</b>



16279  
 Customer Class: Multiple w/ School Tax and KY State Sales Tax

Meter Size: 1"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total
0	2	2	0	0	33	0	0.00%
6,000	1	3	6,000	6,000	32	198,000	0.98%
7,000	2	5	14,000	20,000	30	230,000	3.25%
8,000	2	7	16,000	36,000	28	260,000	5.85%
9,000	2	9	18,000	54,000	26	288,000	8.78%
10,000	2	11	20,000	74,000	24	314,000	12.03%
11,000	2	13	22,000	96,000	22	338,000	15.61%
12,000	1	14	12,000	108,000	21	360,000	17.56%
13,000	1	15	13,000	121,000	20	381,000	19.67%
14,000	2	17	28,000	149,000	18	401,000	24.23%
15,000	3	20	45,000	194,000	15	419,000	31.54%
16,000	2	22	32,000	226,000	13	434,000	36.75%
17,000	1	23	17,000	243,000	12	447,000	39.51%
18,000	1	24	18,000	261,000	11	459,000	42.44%
19,000	1	25	19,000	280,000	10	470,000	45.53%
21,000	1	26	21,000	301,000	9	490,000	48.94%
23,000	2	28	46,000	347,000	7	508,000	56.42%
25,000	1	29	25,000	372,000	6	522,000	60.49%
29,000	1	30	29,000	401,000	5	546,000	65.20%
30,000	1	31	30,000	431,000	4	551,000	70.08%
31,000	1	32	31,000	462,000	3	555,000	75.12%
40,000	1	33	40,000	502,000	2	582,000	81.63%
53,000	1	34	53,000	555,000	1	608,000	90.24%
60,000	1	35	60,000	615,000	0	615,000	100.00%

Clinton

First 5,300  
 Next 4,700  
 Next 15,000  
 Next 25,000  
 Next 50,000  
 Over 100,000

Proposed Rate

\$30.99  
 \$5.11  
 \$4.69  
 \$4.27  
 \$3.79  
 \$3.31

0	\$	62
6	\$	35
7	\$	79
8	\$	90
9	\$	100
10	\$	110
11	\$	119
12	\$	64
13	\$	69
14	\$	148
15	\$	235
16	\$	166
17	\$	88
18	\$	93
19	\$	97
21	\$	107
23	\$	232
25	\$	125
29	\$	142
30	\$	147
31	\$	151
40	\$	189
53	\$	243
60	\$	270

\$	3,162
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16285  
 Customer Class: Hydrant - Private

Meter Size: N/A

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total
330,000	22	22	7,260,000	7,260,000	0	7,260,000	100.00%

330

16286

Customer Class: Sprinkler - Private

Meter Size: N/A

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total	
990,000	66	66	65,340,000	65,340,000	0	65,340,000	100.00%	990

16290  
 Customer Class: Multiple w/ School Tax

Meter Size: 3/4"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total
0	5	5	0	0	5	0	#DIV/0!

0

Clinton  
 First 1,000 gallons  
 Next 9,000 gallons  
 Next 15,000 gallons  
 Next 25,000 gallons  
 Next 50,000 gallons  
 Next 100,000 gallons

Proposed Rate  
 \$9.02  
 \$5.11  
 \$4.69  
 \$4.27  
 \$3.79  
 \$3.31

\$ 45

**\$ 45**

16291  
 Customer Class: Residential w/ School Tax and KY State Sales Tax

Meter Size: 3/4"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]÷(5)	(8) Percentage of Total
0	0	0	0	0	5	0	0.00%
2,000	2	2	4,000	4,000	3	10,000	23.53%
3,000	1	3	3,000	7,000	2	13,000	41.18%
4,000	1	4	4,000	11,000	1	15,000	64.71%
6,000	1	5	6,000	17,000	0	17,000	100.00%

0  
2  
3  
4  
6

<u>Clinton</u>	<u>Proposed Rate</u>
First 17,600	\$90.65
Next 7,400	\$4.69
Next 25,000 gallons	\$4.27
Next 50,000 gallons	\$3.79
Over 100,000	\$3.31

\$ -  
 \$ 181  
 \$ 91  
 \$ 91  
 \$ 91

\$ 453
--------

16292  
 Customer Class: Multiple w/ School Tax and KY State Sales Tax

Meter Size: 1"

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Consumption Level	Number of Bills	Cumulative Bills	Gallons Consumed (1) X (2)	Cumulative Gallons	Reversed Bills	Consolidated Factor [(1)X(6)]+(5)]	Percentage of Total	
0	0	0	0	0	5	0	0.00%	0
4,000	1	1	4,000	4,000	4	20,000	3.10%	4
8,000	1	2	8,000	12,000	3	36,000	9.30%	8
11,000	1	3	11,000	23,000	2	45,000	17.83%	11
31,000	1	4	31,000	54,000	1	85,000	41.86%	31
75,000	1	5	75,000	129,000	0	129,000	100.00%	75

Clinton

First 5,300  
 Next 4,700  
 Next 15,000  
 Next 25,000  
 Next 50,000  
 Over 100,000

Proposed Rate

\$30.99  
 \$5.11  
 \$4.69  
 \$4.27  
 \$3.79  
 \$3.31

\$	-
\$	31
\$	45
\$	60
\$	151
\$	327
<b>\$</b>	<b>613</b>

16293  
 Customer Class: Multiple w/ School Tax and KY State Sales Tax

Meter Size: 3/4"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total
0	8	8	0	0	12	0	0.00%
1,000	6	14	6,000	6,000	6	12,000	25.00%
2,000	2	16	4,000	10,000	4	18,000	41.67%
3,000	2	18	6,000	16,000	2	22,000	66.67%
4,000	2	20	8,000	24,000	0	24,000	100.00%

0  
1  
2  
3  
4

<u>Clinton</u>	<u>Proposed Rate</u>
First 1,000 gallons	\$9.02
Next 9,000 gallons	\$5.11
Next 15,000 gallons	\$4.69
Next 25,000 gallons	\$4.27
Next 50,000 gallons	\$3.79
Next 100,000 gallons	\$3.31

\$	72
\$	54
\$	28
\$	38
\$	49
\$	242

16294

Customer Class: Multiple w/ School Tax and KY State Sales Tax

Meter Size: 3/4"

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Consumption Level	Number of Bills	Cumulative Bills	Gallons Consumed (1) X (2)	Cumulative Gallons	Reversed Bills	Consolidated Factor [(1)X(6)]+(5)]	Percentage of Total
0	5	5	0	0	19	0	0.00%
1,000	6	11	6,000	6,000	13	19,000	5.45%
5,000	2	13	10,000	16,000	11	71,000	14.55%
6,000	4	17	24,000	40,000	7	82,000	36.36%
8,000	1	18	8,000	48,000	6	96,000	43.64%
9,000	1	19	9,000	57,000	5	102,000	51.82%
10,000	4	23	40,000	97,000	1	107,000	88.18%
13,000	1	24	13,000	110,000	0	110,000	100.00%

Clinton

Proposed Rate

First 1,000 gallons	\$9.02
Next 9,000 gallons	\$5.11
Next 15,000 gallons	\$4.69
Next 25,000 gallons	\$4.27
Next 50,000 gallons	\$3.79
Next 100,000 gallons	\$3.31

\$	45
\$	54
\$	59
\$	138
\$	45
\$	50
\$	220
\$	69
<b>\$</b>	<b>680</b>



16295  
 Customer Class: Multiple w/ School Tax and KY State Sales Tax

Meter Size: 3/4"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total	
0	3	3	0	0	107	0	0.00%	0
1,000	24	27	24,000	24,000	83	107,000	5.73%	1
2,000	20	47	40,000	64,000	63	190,000	15.27%	2
3,000	18	65	54,000	118,000	45	253,000	28.16%	3
4,000	5	70	20,000	138,000	40	298,000	32.94%	4
5,000	11	81	55,000	193,000	29	338,000	46.06%	5
6,000	11	92	66,000	259,000	18	367,000	61.81%	6
7,000	7	99	49,000	308,000	11	385,000	73.51%	7
8,000	4	103	32,000	340,000	7	396,000	81.15%	8
9,000	1	104	9,000	349,000	6	403,000	83.29%	9
10,000	3	107	30,000	379,000	3	409,000	90.45%	10
11,000	1	108	11,000	390,000	2	412,000	93.08%	11
13,000	1	109	13,000	403,000	1	416,000	96.18%	13
16,000	1	110	16,000	419,000	0	419,000	100.00%	16

<u>Clinton</u>	<u>Proposed Rate</u>
First 1,000 gallons	\$9.02
Next 9,000 gallons	\$5.11
Next 15,000 gallons	\$4.69
Next 25,000 gallons	\$4.27
Next 50,000 gallons	\$3.79
Next 100,000 gallons	\$3.31

\$ 2,582

16296  
 Customer Class: Multiple w/ School Tax and KY State Sales Tax

Meter Size: 3/4"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]÷(5)	(8) Percentage of Total
0	0	0	0	0	25	0	0.00%
1,000	2	2	2,000	2,000	23	25,000	2.20%
2,000	10	12	20,000	22,000	13	48,000	24.18%
3,000	3	15	9,000	31,000	10	61,000	34.07%
4,000	2	17	8,000	39,000	8	71,000	42.86%
5,000	3	20	15,000	54,000	5	79,000	59.34%
7,000	3	23	21,000	75,000	2	89,000	82.42%
8,000	2	25	16,000	91,000	0	91,000	100.00%

Clinton	Proposed Rate
First 1,000 gallons	\$9.02
Next 9,000 gallons	\$5.11
Next 15,000 gallons	\$4.69
Next 25,000 gallons	\$4.27
Next 50,000 gallons	\$3.79
Next 100,000 gallons	\$3.31

0	\$	-
1	\$	18
2	\$	141
3	\$	58
4	\$	49
5	\$	88
7	\$	119
8	\$	90

\$	563
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16297

Customer Class: Multiple w/ School Tax and KY State Sales Tax

Meter Size: 3/4"

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total
0	0	0	0	0	30	0	0.00%
1,000	6	6	6,000	6,000	24	30,000	5.00%
2,000	8	14	16,000	22,000	16	54,000	18.33%
3,000	4	18	12,000	34,000	12	70,000	28.33%
5,000	3	21	15,000	49,000	9	94,000	40.83%
6,000	3	24	18,000	67,000	6	103,000	55.83%
7,000	2	26	14,000	81,000	4	109,000	67.50%
9,000	2	28	18,000	99,000	2	117,000	82.50%
10,000	1	29	10,000	109,000	1	119,000	90.83%
11,000	1	30	11,000	120,000	0	120,000	100.00%

Clinton

Proposed Rate

First 1,000 gallons	\$9.02
Next 9,000 gallons	\$5.11
Next 15,000 gallons	\$4.69
Next 25,000 gallons	\$4.27
Next 50,000 gallons	\$3.79
Next 100,000 gallons	\$3.31

0	\$	-
1	\$	54
2	\$	113
3	\$	77
5	\$	88
6	\$	104
7	\$	79
9	\$	100
10	\$	55
11	\$	60
		\$ 730

16299  
 Customer Class: Hydrant - Municipal

Meter Size: N/A

(1) Consumption Level	(2) Number of Bills	(3) Cumulative Bills	(4) Gallons Consumed (1) X (2)	(5) Cumulative Gallons	(6) Reversed Bills	(7) Consolidated Factor [(1)X(6)]+(5)	(8) Percentage of Total
36,630	11	11	402,930	402,930	0	402,930	100.00%

36.63



Case No. 2008-00563  
Exhibit 9

**WATER SERVICE CORPORATION OF KENTUCKY**  
**CASE NO. 2008-00563**  
**CALCULATION OF REVENUE REQUIREMENT**

	<u>Effect of Proposed Increase</u>
Rate base:	\$ 6,139,342
Pro forma operating income at current rates:	57,791
Earned rate of return:	0.94%
Rate of return:	9.09%
Required operating income:	555,971
Operating income deficiency:	498,180
Gross revenue conversion factor:	1.62
Revenue deficiency:	807,017
Adjusted operating revenues increase:	<u>1,667,522</u>
Revenue requirement:	<u><u>\$ 2,474,539</u></u>





**Case No. 2008-00563**  
**Exhibit 10**

**WATER SERVICE CORPORATION OF KENTUCKY  
CASE NO. 2008-00563  
RECONCILIATION OF RATE BASE AND CAPITAL**

2008

Total Capitalization: \$6,168,863

Reconciling Items:

Inclusion of organizational costs	36,283
Actual and estimated general ledger additions	103,527
Restatement of accumulated depreciation	440,861
Estimated additions to accumulated depreciation	(2,071)
Actual and estimated cash working capital	207,275
Contributions in aid of construction (restated)	(45,089)
Advances in aid of construction (restated)	(84,684)
Accumulated deferred income taxes	(313,316)
Customer deposits	(109,546)
Actual and estimated capitalized time	
Reduction for transportation equipment	(6,036)
Allocated rate base from WSC	(36,911)
Estimated capital project additions and retirements	
CCB - New billing system	178,715
Plant acquisition adjustment	162,892
Work in process on books at 12/31/04	(40,763)
Cash	(117,773)
Accounts receivable - net	(226,789)
Other current assets	(5,800)
Deferred charges	(170,297)

Net Rate Base Used to Determine Revenue Requirement:

6,139,342



Case No. 2008-00563  
Exhibit 11

<b>Account Number</b>	<b>Description</b>
1000	TOTAL ASSETS
1005	LONG TERM ASSETS
1010	PROPERTY, PLANT & EQPT
1015	WTR UTILITY PLANT IN SERVICE
1020	ORGANIZATION
1025	FRANCHISES
1030	LAND & LAND RIGHTS PUMP
1035	LAND & LAND RIGHTS WTR TRT
1040	LAND & LAND RIGHTS TRANS DIST
1045	LAND & LAND RIGHTS GEN PLT
1050	STRUCT & IMPRV SRC SUPPLY
1055	STRUCT & IMPRV WTR TRT PLT
1060	STRUCT & IMPRV TRANS DIST PLT
1065	STRUCT & IMPRV GEN PLT
1070	COLLECTING RESERVOIRS
1075	LAKE, RIVER, OTHER INTAKES
1080	WELLS & SPRINGS
1085	INFILTRATION GALLERY
1090	SUPPLY MAINS
1095	POWER GENERATION EQUIP
1100	ELECTRIC PUMP EQUIP SRC PUMP
1105	ELECTRIC PUMP EQUIP WTP
1110	ELECTRIC PUMP EQUIP TRANS DIST
1115	WATER TREATMENT EQPT
1120	DIST RESV & STANDPIPES
1125	TRANS & DISTR MAINS
1130	SERVICE LINES
1135	METERS
1140	METER INSTALLATIONS
1145	HYDRANTS
1150	BACKFLOW PREVENTION DEVICES
1155	OTH PLT&MISC EQUIP INTANG PLT
1160	OTH PLT&MISC EQUIP SRC SUPPLY
1165	OTH PLT&MISC EQUIP WTP
1170	OTH PLT&MISC EQUIP TRANS DIST
1175	OFFICE STRUCT & IMPRV
1180	OFFICE FURN & EQPT
1185	STORES EQUIPMENT
1190	TOOL SHOP & MISC EQPT
1195	LABORATORY EQUIPMENT
1200	POWER OPERATED EQUIP
1205	COMMUNICATION EQPT
1210	MISC EQUIPMENT
1215	WATER PLANT ALLOCATED
1220	OTHER TANGIBLE PLT WATER

1240	SWR UTILITY PLANT IN SERVICE
1245	ORGANIZATION
1250	FRANCHISES INTANG PLT
1255	FRANCHISES RECLAIM WTR DIST PLT
1260	LAND & LAND RIGHTS INTANG PLT
1265	LAND & LAND RIGHTS COLL PLT
1270	LAND & LAND RIGHTS TRTMNT PLT
1275	LAND & LAND RIGHTS RECLAIM WTP
1280	LAND & LAND RIGHTS RCL DST PLT
1285	LAND & LAND RIGHTS GEN PLT
1290	STRUCT/IMPRV COLL PLT
1295	STRUCT/IMPRV PUMP PLT LS
1300	STRUCT/IMPRV TREAT PLT
1305	STRUCT/IMPRV RECLAIM WTP
1310	STRUCT/IMPRV RECLAIM WTR DIST PLT
1315	STRUCT/IMPRV GEN PLT
1320	POWER GEN EQUIP COLL PLT
1325	POWER GEN EQUIP PUMP PLT
1330	POWER GEN EQUIP TREAT PLT
1335	POWER GEN EQUIP RECLAIM WTP
1340	POWER GEN EQUIP RCL WTR DIST
1345	SEWER FORCE MAIN/SRVC LINES
1350	SEWER GRAVITY MAIN/MANHOLES
1355	SPECIAL COLL STRUCTURES
1360	SERVICES TO CUSTOMERS
1365	FLOW MEASURE DEVICES
1370	FLOW MEASURE INSTALL
1375	RECEIVING WELLS
1380	PUMPING EQUIPMENT PUMP PLT
1385	PUMPING EQUIPMENT RECLAIM WTP
1390	PUMPING EQUIPMENT RCL WTR DIST
1395	TREAT/DISP EQUIP LAGOON
1400	TREAT/DISP EQUIP TRT PLT
1405	TREAT/DISP EQUIP RCL WTP
1410	PLANT SEWERS TRTMT PLT
1415	PLANT SEWERS RECLAIM WTP
1420	OUTFALL LINES
1425	OTHER PLT TANGIBLE
1430	OTHER PLT COLLECTION
1435	OTHER PLT PUMP
1440	OTHER PLT TREATMENT
1445	OTHER PLT RECLAIM WTR TRT
1450	OTHER PLT RECLAIM WTR DIST
1455	OFFICE STRUCT & IMPRV
1460	OFFICE FURN & EQPT
1465	STORES EQUIPMENT
1470	TOOL SHOP & MISC EQPT

1475	LABORATORY EQPT
1480	POWER OPERATED EQUIP
1485	COMMUNICATION EQPT
1490	MISC EQUIP SEWER
1495	SEWER PLANT ALLOCATED
1500	OTHER TANGIBLE PLT SEWER
1520	REUSE PLANT
1525	REUSE SERVICES
1530	REUSE MTR/INSTALLATIONS
1535	REUSE DIST RESERVOIRS
1540	REUSE TRANSMISSION & DIST SYS
1550	TRANSPORTATION EQPT
1555	TRANSPORTATION EQPT WTR
1560	TRANSPORTATION EQPT SWR
1570	COMPUTER EQUIPMENT WTR
1575	DESKTOP COMPUTER WTR
1580	MAINFRAME COMPUTER WTR
1585	MINI COMPUTERS WTR
1590	COMP SYS COST WTR
1595	MICRO SYS COST WTR
1600	COMPUTER EQUIPMENT SWR
1605	DESKTOP COMPUTER SWR
1610	MAINFRAME COMPUTER SWR
1615	MINI COMPUTERS SWR
1620	COMP SYS COST SWR
1625	MICRO SYS COST SWR
1640	OTHER PLANT
1650	PLANT UNDER CONSTRUCTION
1655	WORK IN PROGRESS
1660	WATER PLANT IN PROCESS
1661	WATER PLANT IN PROCESS HISTORY
1665	WIP-CAP TIME WATER STORE TANK
1665	WIP-CAP TIME STORAGE BUILDING
1665	WIP-CAP TIME BUILD WTP
1665	WIP-CAP TIME ABANDON WTP
1665	WIP-CAP TIME INTER/REP WTR MN
1665	WIP-CAP TIME INSTALL WELL
1665	WIP-CAP TIME EXPAND WTP
1665	WIP-CAP TIME HYDRANTS
1665	WIP-CAP TIME INSTALL FILTER
1665	WIP-CAP TIME TELEMETERING
1665	WIP-CAP TIME INSTALL METERS
1665	WIP-CAP TIME GENERATOR WTR
1666	WIP - INTEREST DURING CONSTR
1666	WIP - INTEREST DURING CONSTR
1666	WIP - INTEREST DURING CONSTR
1666	WIP - INTEREST DURING CONSTR

1666	WIP - INTEREST DURING CONSTR
1666	WIP - INTEREST DURING CONSTR
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1666	WIP - INTEREST DURING CONSTR
1666	WIP - INTEREST DURING CONSTR
1666	WIP - INTEREST DURING CONSTR
1666	WIP - INTEREST DURING CONSTR
1666	WIP - INTEREST DURING CONSTR
1667	WIP - ENGINEERING
1667	WIP - ENGINEERING
1667	WIP - ENGINEERING
1667	WIP - ENGINEERING
1667	WIP - ENGINEERING
1667	WIP - ENGINEERING
1667	WIP - ENGINEERING
1667	WIP - ENGINEERING
1667	WIP - ENGINEERING
1667	WIP - ENGINEERING
1668	WIP - LABOR/INSTALLATION
1668	WIP - LABOR/INSTALLATION
1668	WIP - LABOR/INSTALLATION
1668	WIP - LABOR/INSTALLATION
1668	WIP - LABOR/INSTALLATION
1668	WIP - LABOR/INSTALLATION
1668	WIP - LABOR/INSTALLATION
1668	WIP - LABOR/INSTALLATION
1669	WIP - EQUIPMENT
1669	WIP - EQUIPMENT
1669	WIP - EQUIPMENT
1669	WIP - EQUIPMENT
1669	WIP - EQUIPMENT
1669	WIP - EQUIPMENT
1669	WIP - EQUIPMENT
1670	WIP - MATERIAL
1670	WIP - MATERIAL
1670	WIP - MATERIAL
1670	WIP - MATERIAL
1670	WIP - MATERIAL
1670	WIP - MATERIAL
1670	WIP - MATERIAL
1670	WIP - MATERIAL
1670	WIP - MATERIAL
1670	WIP - MATERIAL
1670	WIP - MATERIAL
1671	WIP - ELECTRICAL
1671	WIP - ELECTRICAL
1671	WIP - ELECTRICAL
1671	WIP - ELECTRICAL





1699	WIP - TRANSFER TO FIXED ASSETS
1699	WIP - TRANSFER TO FIXED ASSETS
1699	WIP - TRANSFER TO FIXED ASSETS
1700	SEWER PLANT IN PROCESS
1701	SEWER PLANT IN PROCESS HISTORY
1705	WIP-CAP TIME EXPAND/MOD WWTP
1705	WIP-CAP TIME ABANDON WWTP
1705	WIP-CAP TIME LAGOON
1705	WIP-CAP TIME AERATOR
1705	WIP-CAP TIME SLUDGE DRYING BED
1705	WIP-CAP TIME BUILD LFT STATION
1705	WIP-CAP TIME GENERATOR SWR
1705	WIP-CAP TIME INTER/REP SWR MN
1705	WIP-CAP TIME RELO FORCE MAIN
1705	WIP-CAP TIME ACCESS ROADS
1705	WIP-CAP TIME INSTALL FLOW MTRS
1706	WIP - INTEREST DURING CONSTR
1706	WIP - INTEREST DURING CONSTR
1706	WIP - INTEREST DURING CONSTR
1706	WIP - INTEREST DURING CONSTR
1706	WIP - INTEREST DURING CONSTR
1706	WIP - INTEREST DURING CONSTR
1706	WIP - INTEREST DURING CONSTR
1706	WIP - INTEREST DURING CONSTR
1706	WIP - INTEREST DURING CONSTR
1706	WIP - INTEREST DURING CONSTR
1706	WIP - INTEREST DURING CONSTR
1707	WIP - ENGINEERING
1707	WIP - ENGINEERING
1707	WIP - ENGINEERING
1707	WIP - ENGINEERING
1707	WIP - ENGINEERING
1707	WIP - ENGINEERING
1707	WIP - ENGINEERING
1707	WIP - ENGINEERING
1707	WIP - ENGINEERING
1707	WIP - ENGINEERING
1708	WIP - LABOR/INSTALLATION
1708	WIP - LABOR/INSTALLATION
1708	WIP - LABOR/INSTALLATION
1708	WIP - LABOR/INSTALLATION
1708	WIP - LABOR/INSTALLATION
1708	WIP - LABOR/INSTALLATION
1708	WIP - LABOR/INSTALLATION
1709	WIP - EQUIPMENT
1709	WIP - EQUIPMENT
1709	WIP - EQUIPMENT
1709	WIP - EQUIPMENT

1709	WIP - EQUIPMENT
1709	WIP - EQUIPMENT
1709	WIP - EQUIPMENT
1710	WIP - MATERIAL
1710	WIP - MATERIAL
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1710	WIP - MATERIAL
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1710	WIP - MATERIAL
1710	WIP - MATERIAL
1710	WIP - MATERIAL
1710	WIP - MATERIAL
1710	WIP - MATERIAL
1710	WIP - MATERIAL
1711	WIP - ELECTRICAL
1711	WIP - ELECTRICAL
1711	WIP - ELECTRICAL
1711	WIP - ELECTRICAL
1711	WIP - ELECTRICAL
1712	WIP - PIPING
1712	WIP - PIPING
1712	WIP - PIPING
1713	WIP - SITE WORK
1713	WIP - SITE WORK
1713	WIP - SITE WORK
1713	WIP - SITE WORK
1714	WIP - BUILDING ADDITION
1715	WIP - BUILDING/BLOWER MODS
1716	WIP - CONCRETE CONTRACT
1717	WIP - CONSTRUCTION
1717	WIP - CONSTRUCTION
1718	WIP - DRAINING/PLANT
1719	WIP - FOUNDATION
1719	WIP - FOUNDATION
1720	WIP - INSTALLATION OF PLANT
1721	WIP - LAND/LEASE
1721	WIP - LAND/LEASE
1722	WIP - MODIFICATION/LIFT STN
1723	WIP - PACKAGE PLANT PURCHASE
1724	WIP - PERMITS
1725	WIP - PUMP REMOVAL
1726	WIP - PUMPS/EQUIPMENT
1727	WIP - RELOCATION
1727	WIP - RELOCATION
1728	WIP - SAND
1729	WIP - SLUDGE/DISPOSAL
1729	WIP - SLUDGE/DISPOSAL

1730	WIP - SURVEY
1730	WIP - SURVEY
1731	WIP - TESTS/SOIL BORE
1732	WIP - VEGITATION/REMOVAL
1739	WIP - TRANSFER TO FIXED ASSETS
1739	WIP - TRANSFER TO FIXED ASSETS
1739	WIP - TRANSFER TO FIXED ASSETS
1739	WIP - TRANSFER TO FIXED ASSETS
1739	WIP - TRANSFER TO FIXED ASSETS
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1739	WIP - TRANSFER TO FIXED ASSETS
1739	WIP - TRANSFER TO FIXED ASSETS
1739	WIP - TRANSFER TO FIXED ASSETS
1740	OTHER PLANT IN PROCESS
1741	OTHER PLANT IN PROCESS HISTORY
1745	WIP-CAP TIME OFFICE RENOVATION
1745	WIP-CAP TIME ELECTRICAL
1745	WIP-CAP TIME LAB EXPANSION
1745	WIP-CAP TIME COMPUTER EQUIPMNT
1745	WIP-CAP TIME COMPUTER SOFTWARE
1745	WIP-CAP TIME RADIO EQUIPMENT
1746	WIP - INTEREST DURING CONSTR
1746	WIP - INTEREST DURING CONSTR
1746	WIP - INTEREST DURING CONSTR
1746	WIP - INTEREST DURING CONSTR
1746	WIP - INTEREST DURING CONSTR
1746	WIP - INTEREST DURING CONSTR
1747	WIP - LABOR/INSTALLATION
1747	WIP - LABOR/INSTALLATION
1747	WIP - LABOR/INSTALLATION
1748	WIP - EQUIPMENT
1748	WIP - EQUIPMENT
1748	WIP - EQUIPMENT
1748	WIP - EQUIPMENT
1749	WIP - MATERIAL
1749	WIP - MATERIAL
1749	WIP - MATERIAL
1749	WIP - MATERIAL
1749	WIP - MATERIAL
1749	WIP - MATERIAL
1750	WIP - ELECTRICAL
1751	WIP - SITE WORK
1752	WIP - CONTRACTOR/LABOR
1752	WIP - CONTRACTOR/LABOR
1753	WIP - ARCHITECT/DESIGNER



1780	WIP - MATERIAL
1781	WIP - SITE WORK
1782	WIP - CONTRACTOR/LABOR
1782	WIP - CONTRACTOR/LABOR
1782	WIP - CONTRACTOR/LABOR
1782	WIP - CONTRACTOR/LABOR
1782	WIP - CONTRACTOR/LABOR
1783	WIP - GROUTING/SEALING
1784	WIP - JET CLEANING
1785	WIP - PUMP & HAUL SLUDGE
1786	WIP - RENTAL/MACHINE
1786	WIP - RENTAL/MACHINE
1787	WIP - REPAIR
1787	WIP - REPAIR
1799	WIP - TRANSFER TO FIXED ASSETS
1799	WIP - TRANSFER TO FIXED ASSETS
1799	WIP - TRANSFER TO FIXED ASSETS
1799	WIP - TRANSFER TO FIXED ASSETS
1799	WIP - TRANSFER TO FIXED ASSETS
1799	WIP - TRANSFER TO FIXED ASSETS
1799	WIP - TRANSFER TO FIXED ASSETS
1799	WIP - TRANSFER TO FIXED ASSETS
1800	PLANT HELD FOR FUTURE USE
1805	PLT HELD FUTURE USE-WTR
1810	PLT HELD FUTURE USE-SWR
1815	PLT HELD FUTURE USE-REUSE
1825	ACCUMULATED DEPRECIATION
1830	ACC DEPR WATER PLANT
1835	ACC DEPR-ORGANIZATION
1840	ACC DEPR-FRANCHISES
1845	ACC DEPR-STRUCT&IMPRV SRC SPLY
1850	ACC DEPR-STRUCT&IMPRV WTP
1855	ACC DEPR-STRUCT&IMPRV TRNS DST
1860	ACC DEPR-STRUCT&IMPRV GEN PLT
1865	ACC DEPR-COLLECTING RESERVOIRS
1870	ACC DEPR-LAKE,RIVER,OTH INTAKE
1875	ACC DEPR-WELLS & SPRINGS
1880	ACC DEPR-INFILTRATION GALLERY
1885	ACC DEPR-SUPPLY MAINS
1890	ACC DEPR-POWER GENERATION EQUIP
1895	ACC DEPR-ELECT PUMP EQUIP SRC PUMP
1900	ACC DEPR-ELECT PUMP EQUIP WTP
1905	ACC DEPR-ELECT PUMP EQUIP TRAN
1910	ACC DEPR-WATER TREATMENT EQPT
1915	ACC DEPR-DIST RESV & STANDPIPE
1920	ACC DEPR-TRANS & DISTR MAINS
1925	ACC DEPR-SERVICE LINES

1930	ACC DEPR-METERS
1935	ACC DEPR-METER INSTALLS
1940	ACC DEPR-HYDRANTS
1945	ACC DEPR-BACKFLOW PREVENT DEVC
1950	ACC DEPR-OTH PLANT&MISC INTANG
1955	ACC DEPR-OTH PLANT&MISC SRC
1960	ACC DEPR-OTH PLANT&MISC WTP
1965	ACC DEPR-OTH PLANT&MISC TRANS
1970	ACC DEPR-OFFICE STRUCTURE
1975	ACC DEPR-OFFICE FURN/EQPT
1980	ACC DEPR-STORES EQUIPMENT
1985	ACC DEPR-TOOL SHOP & MISC EQPT
1990	ACC DEPR-LABORATORY EQUIPMENT
1995	ACC DEPR-POWER OPERATED EQUIP
2000	ACC DEPR-COMMUNICATION EQPT
2005	ACC DEPR-MISC EQUIPMENT
2010	ACC DEPR-OTHER TANG PLT WATER
2025	ACC DEPR SEWER PLANT
2030	ACC DEPR-ORGANIZATION
2040	ACC DEPR FRANCHISES INTANG PLT
2045	ACC DEPR FRANCH RCLM WTR DIST
2050	ACC DEPR-STRUCT/IMPRV COLL PLT
2055	ACC DEPR-STRUCT/IMPRV PUMP PLT LS
2060	ACC DEPR-STRUCT/IMPRV TREAT PLT
2065	ACC DEPR-STRUCT/IMPRV RCLM WTP
2070	ACC DEPR-STRUCT/IMPRV RCLM DST
2075	ACC DEPR-STRUCT/IMPRV GEN PLT
2080	ACC DEPR-PWR GEN EQP COLL PLT
2085	ACC DEPR-PWR GEN EQP PUMP PLT
2090	ACC DEPR-PWR GEN EQP TRT PLT
2095	ACC DEPR-PWR GEN EQP RCLM WTP
2100	ACC DEPR-PWR GEN EQP RCLM DIST
2105	ACC DEPR-SEWER FORCE MAIN/SRVC LINES
2110	ACC DEPR-SEWER GRVTY MAIN/MAN
2115	ACC DEPR-SPECIAL COLL STRCTR
2120	ACC DEPR-SERVICES TO CUSTOMERS
2125	ACC DEPR-FLOW MEASURE DEVICES
2130	ACC DEPR-FLOW MEASURE INSTALL
2135	ACC DEPR-RECEIVING WELLS
2140	ACC DEPR-PUMP EQP PUMP PLT
2145	ACC DEPR-PUMP EQP RCLM WTP
2150	ACC DEPR-PUMP EQP RCLM DIST
2155	ACC DEPR-TREAT/DISP EQP LAGOON
2160	ACC DEPR-TREAT/DISP EQP TRT PLT
2165	ACC DEPR-TREAT/DISP EQP RWTP
2170	ACC DEPR-PLANT SEWERS TRT PLT
2175	ACC DEPR-PLANT SEWERS RECLAIM

2180	ACC DEPR-OUTFALL LINES
2185	ACC DEPR-OTHER PLT TANGIBLE
2190	ACC DEPR-OTHER PLT COLLECTION
2195	ACC DEPR-OTHER PLT PUMP
2200	ACC DEPR-OTHER PLT TREATMENT
2205	ACC DEPR-OTHER PLT RCLM WTP
2210	ACC DEPR-OTHER PLT RCLM DIST
2215	ACC DEPR-OFFICE STRUCTURE
2220	ACC DEPR-OFFICE FURN/EQPT
2225	ACC DEPR-STORES EQUIPMENT
2230	ACC DEPR-TOOL SHOP & MISC EQPT
2235	ACC DEPR-LABORATORY EQPT
2240	ACC DEPR-POWER OPERATED EQUIP
2245	ACC DEPR-COMMUNICATION EQPT
2250	ACC DEPR-MISC EQUIP SEWER
2255	ACC DEPR-OTHER TANG PLT SEWER
2265	ACC DEPR REUSE PLANT
2270	ACC DEPR-REUSE SERVICES
2275	ACC DEPR-REUSE MTR/INSTALLS
2280	ACC DEPR-REUSE DIST RESERVOIRS
2285	ACC DEPR-REUSE TRANS/DIST SYS
2295	ACC DEPR-TRANSPORTATION
2300	ACC DEPR-TRANSPORTATION WTR
2305	ACC DEPR-TRANSPORTATION SWR
2310	ACC DEPR COMPUTER WTR
2315	ACC DEPR-DESKTOP COMPUTER WTR
2320	ACC DEPR-MAINFRAME COMP WTR
2325	ACC DEPR-MINI COMP WTR
2330	COMP SYS AMORTIZATION WTR
2335	MICRO SYS AMORTIZATION WTR
2340	ACC DEPR COMPUTER SWR
2345	ACC DEPR-DESKTOP COMPUTER SWR
2350	ACC DEPR-MAINFRAME COMP SWR
2355	ACC DEPR-MINI COMP SWR
2360	COMP SYS AMORTIZATION SWR
2365	MICRO SYS AMORTIZATION SWR
2370	ACC DEPR PLT LEASED TO OTHERS
2375	ACC DEPR PLT HELD FUT USE WTR
2380	ACC DEPR PLT HELD FUT USE SWR
2385	ACC DEPR PLT HELD FUT USE REUSE
2395	PLANT ACQ ADJ
2400	UTILITY PAA WTR PLANT AMORT
2405	UTILITY PAA WTR PLANT UNAMORT
2410	UTILITY PAA SWR PLANT AMORT
2415	UTILITY PAA SWR PLANT UNAMORT
2420	ACC AMORT UTIL PAA-WATER
2425	ACC AMORT UTIL PAA-SEWER



2435	INVESTMENT IN OPER COS
2440	INVEST IN OPERATING COS
2445	INVEST IN OPER COS
2445	INVEST IN WTR SERV CORP
2445	INVEST IN WTR SERV DISB
2445	INVEST IN APPLE CANYON
2445	INVEST IN CAMELOT
2445	INVEST IN CHARMAR
2445	INVEST IN CHERRY HILL
2445	INVEST IN CLARENDON
2445	INVEST IN COUNTY LINE
2445	INVEST IN DEL MAR
2445	INVEST IN FERSON CREEK
2445	INVEST IN GALENA TERRITORY
2445	INVEST IN KILLARNEY
2445	INVEST IN LAKE HOLIDAY
2445	INVEST IN LAKE WILDWOOD
2445	INVEST IN NORTHERN HILLS
2445	INVEST IN PRESTWICK
2445	INVEST IN LAKE MARIAN
2445	INVEST IN WILDWOOD
2445	INVEST IN VALENTINE
2445	INVEST IN WALK UP WOODS
2445	INVEST IN WHISPERING HILLS
2445	INVEST IN HOLIDAY HILLS
2445	INVEST IN MEDINA
2445	INVEST IN WESTLAKE
2445	INVEST IN CEDAR BLUFF
2445	INVEST IN HARBOR RIDGE
2445	INVEST IN GREAT NORTHERN
2445	INVEST IN ILL COST CTR
2445	INVEST IN UI OF NEVADA
2445	INVEST IN SPRING CREEK
2445	INVEST IN LA WTR SERV
2445	INVEST IN UI OF LA
2445	INVEST IN U I OF MARYLAND
2445	INVEST IN COLCHESTER
2445	INVEST IN GREENRIDGE
2445	INVEST IN PROVINCES
2445	INVEST IN PINTO
2445	INVEST IN OCCOQUAN SEWER
2445	INVEST IN OCCOQUAN WATER
2445	INVEST IN MASSANUTTEN SEWER
2445	INVEST IN HOLIDAY SERVICE
2445	INVEST IN WESTGATE
2445	INVEST IN UI OF PA
2445	INVEST IN PENN ESTATES

2445	INVEST IND BLU MT LAKE
2445	INVEST IN SKIDAWAY ISLAND
2445	INVEST IN ELK RIVER
2445	INVEST IN MONTAGUE WATER
2445	INVEST IN MONTAGUE SEWER
2445	INVEST IN TWIN LAKES
2445	INVEST IN TIERRE VERDE
2445	INVEST IN LAKE PLACID
2445	INVEST IN EAST LAKE
2445	INVEST IN CHARLESTON U I
2445	INVEST IN PEBBLECREEK
2445	INVEST IN ALAFAYA
2445	INVEST IN LONGWOOD
2445	INVEST IN WEDGEFIELD
2445	INVEST IN CAROLINA WTR SERV
2445	INVEST IN UTIL SERV OF SC INC
2445	INVEST IN CYPRESS LAKES UI
2445	INVEST IN UTIL INC EAGLE RIDGE
2445	INVEST IN SOUTHLAND
2445	INVEST IN UNITED UTILITY
2445	INVEST IN KEOWEE KEY
2445	INVEST IN S C UTILITIES
2445	INVEST IN WILD DUNES
2445	INVEST IN TEGA CAY
2445	INVEST IN CWS INC OF N C
2445	INVEST IN RIVER POINTE
2445	INVEST IN FAIRFIELD
2445	INVEST IN CNC-GENOA
2445	INVEST IN WATAUGA VISTA
2445	INVEST IN BRANDYWINE BAY
2445	INVEST IN TRANSYLVANIA
2445	INVEST IN MID COUNTY
2445	INVEST IN LAKE UTIL INC
2445	INVEST IN U I OF FLORIDA
2445	INVEST IN MILES GRANT
2445	INVEST IN TENN WTR SERV
2445	INVEST IN BIOTECH
2445	INVEST IN HUTCHINSON ISLAND
2445	INVEST IN SANLANDO
2445	INVEST IN LAKE GROVES
2445	INVEST IN SANDALVEN
2445	INVEST IN BAYSIDE
2445	INVEST IN SOUTH GATE
2445	INVEST IN LABRADOR UI
2445	INVEST IN UI OF PENNBROOKE
2445	INVEST IN UI OF HUTCHINSON ISLAND
2445	INVEST IN SANDY CREEK

2445	INVEST IN NORTH TOPSAIL
2445	INVEST IN CAROLINA PINES
2445	INVEST IN BRADFIELD FARMS
2445	INVEST IN NERO UTILITY
2445	INVEST IN SKY RANCH
2445	INVEST IN BERMUDA WATER CO
2445	INVEST IN UI OF CENTRAL NEVADA
2445	INVEST IN WSC OF IND INC
2445	INVEST IN INDIANA WATER SERV
2445	INVEST IN WTR SERV CORP OF KY
2445	INVEST IN WSC OF GEORGIA
2450	NON-UTILITY INVESTMENTS
2455	NON-UTILITY PROPERTY & INV
2460	NON-UTIL PROP & INVENTORY
2465	ORGANIZATION
2470	LAND & LAB RIGHTS
2475	PROCESSING PLANT
2480	OFF STRUCT & IMPROV
2485	PORTABLE OFFICE STRUCTURE
2490	OFFICE FURNITURE
2495	OFFICE EQUIPMENT
2500	MAINTENANCE STRUCT & IMPROVE
2505	LAB FURNITURE
2510	MAINTENANCE TOOL
2515	EQUIPMENT & MACHINERY
2520	COMMUNICATION EQUIPMENT
2521	TRANSPORTATION EQPT
2525	ACC DEPR NON-UTILITY PROP & INV
2530	ACC DEPR-PROP & INV
2535	ACC DEPR-ORGANIZATION
2540	ACC DEPR-LAND&LAB
2545	ACC DEPR-PROCESSING PLANT
2550	ACC DEPR-OFF STRUCTURE
2555	ACC DEPR-PORT OFF STRUCTURE
2560	ACC DEPR-OFF FURNITURE
2565	ACC DEPR-OFF EQUIPMENT
2570	ACC DEPR-MAINT STRUCTURE
2575	ACC DEPR-LAB FURNITURE
2580	ACC DEPR-MAINT TOOL
2585	ACC DEPR-EQ & MACHINERY
2590	ACC DEPR-COMMUN EQPT
2591	ACC DEPR-TRANSPORTATION
2595	NONREG GOODWILL
2600	NONREGULATED GOODWILL
2605	ACCUM AMORT NONREG GOODWILL
2610	ESCROW DEPOSIT
2615	ESCROW DEPOSIT

2620	UTIL PLANT ACQUIRED/DISPOSED
2625	CURRENT ASSETS
2630	CASH
2635	CASH-IN BANK
2640	CASH-CHASE-WSC DISBURSEMENT
2640	CASH-CHASE-DEPOSITORY
2640	CASH-CHASE MONEY MARKET
2640	CASH CONSOLIDATION
2640	CASH CLEARING ACCOUNT
2640	CASH CLEARING-COLLECT A/C
2640	CASH-CHASE-WSCIL
2640	CASH-CHASE-WSC INS DISBURSE
2640	CASH-BANK ONE-WSC COLL ACCT
2640	CASH-NATIONS BANK-L&LT CSH REC
2640	CASH-WD COLLECTION ACCT
2640	CASH-CHASE-CWS COLLECTION
2640	CASH-BANK OF AMERICA-ACH
2640	CASH-CHASE-CREDIT CARD
2640	CASH-CHASE-FLEXSERV
2640	CASH-BANK OF AMERICA-SC
2640	CASH-WILLIAM BLAIR
2640	CASH-U U NATIONS BANK
2640	CASH-CNC MOREHEAD CTY-WACHOVIA
2640	CASH-CHASE-AZ 2185-0135
2640	CASH-COBANK-AZ
2640	CASH-BANK OF AMERICA-GA
2640	CASH-BANK OF AMERICA-NV
2640	CASH-CHASE-SPG CRK HYD
2640	CASH-CHASE-SPG CRK CAP
2640	CASH-BANK OF AMERICA-MD
2640	CASH-CHASE-BETTERMENT FEES NV
2640	CASH-CHASE-PLT CAP FUND NV
2640	CASH-CHASE-WTR STORAGE CAP NV
2640	CASH-FL NATL OF ORLANDO
2640	CASH-COMMERICAL BANK-KY
2640	CASH-CLINTON 1ST NATL BANK
2640	CASH-CLINTON-DEBT RESERVE
2640	CASH-BANK OF AMERICA-FL
2640	CASH-NATIONS BANK-SEUI
2640	CASH-BARNETT BANK
2640	CASH-CHASE-LA
2640	CASH-BANK OF AMERICA-NC
2640	CASH-BANK OF AM-COLCHESTER ESCROW
2640	CASH-TALLAHATCHIE-MS
2640	CASH-BB&T
2640	CASH-CHASE-WTR RTS PRO FUND NV
2645	PETTY CASH

2650	CASH-WSC PETTY CASH-CHASE
2650	CASH-CWS PETTY CASH-BOA
2650	CASH-CNC PETTY CASH-BOA
2650	CASH-UUC PETTY CASH
2650	CASH-MD PETTY CASH-BOA
2650	CASH-FL PETTY CASH-BOA
2650	CASH-GA PETTY CASH-BOA
2650	CASH-LA PETTY CASH-CHASE
2650	CASH-MS PETTY CASH-TALLAHATCH
2650	CASH-BIOTECH PETTY CASH
2650	CASH-AZ PETTY CASH-CHASE
2650	CASH-NV PETTY CASH-BOA
2650	PETTY CASH
2655	ACCOUNTS RECEIVABLE
2660	A/R CASH UNAPPLIED
2665	CASH UNAPPLIED
2670	ACCOUNTS RECEIVABLE CUSTOMER
2675	A/R-CUSTOMER TRADE CC&B
2680	A/R-CUSTOMER ACCRUAL
2685	A/R-CUSTOMER REFUNDS
2690	ACCUM PROV UNCOLLECT ACCTS
2695	ACCOUNTS RECEIVABLE OTHER
2700	A/R-OTHER
2705	A/R-NON-CIAC SUSPENSE
2710	A/R ASSOC COS
2715	TOTAL NOTES RECEIVABLE
2720	NOTES REC ACCOCIATED COS
2725	N/R ASSOC COS
2730	N/R OTHER
2735	LONG TERM NOTES RECEIVABLE
2740	N/R STOCK PURCHASE
2745	N/R STOCK PURCHASE
2750	INVENTORY TOTAL
2755	INVENTORY
2770	TOTAL SPECIAL DEPOSITS
2775	SPECIAL DEPOSITS
2780	PREPAID EXPENSES
2785	PREPAYMENTS
2790	PREPAID INSURANCE
2795	PREPAID REIMBURSEMENTS
2800	PREPAID TARIFF FUNDS
2805	OTHER CURRENT ASSETS
2810	INTEREST & DIVIDENDS REC
2815	INT & DIV RECEIVABLE
2820	MISC CURRENT ASSETS
2825	MISC CURRENT ASSETS
2830	INVESTMENTS IN STOCK

2835	TEMPORARY CASH INVESTMENTS
2840	DEFERRED STOCK COMPENSATION
2845	CASH VALUE OF LIFE INS
2850	PRELIMINARY SURVEY
2855	PRELIMINARY SURVEY
2860	CLEARING
2865	PAYROLL CLEARING
2870	FLEX SERV
2875	401K CLEARING
2880	DEF CHGS & OTHER ASSETS
2885	UNAMORT DEBT DISCOUNT & EXP
2890	DEBT EXPENSE BEING AMORT
2895	AMORT - DEBT EXPENSE
2900	DEFERRED RATE CASE EXPENSE
2905	RATE CASE IN PROGRESS
2906	RCIP - ATTORNEY FEES
2907	RCIP - CAPITALIZED TIME
2908	RCIP - ADMINISTRATIVE EXPENSES
2909	RCIP - TRAVEL
2910	RCIP - CONSULTING FEES
2914	RCIP - TRANSFER TO DEF RC
2915	REG EXP BEING AMORT
2920	RATE CASE BEING AMORT
2925	MISC REGULATORY COMM EXP
2930	RATE CASE ACCUM AMORT
2933	MISC REG ACCUM AMORT
2935	ORIG COST EXPENSE
2940	ORIG COST ACCUM AMORT
2945	OTHER DEFERRED CHARGES
2950	DEF CHGS-LANDSCAPING
2955	DEF CHGS-CUSTOMER COMPLAINTS
2960	DEF CHGS-TANK MAINT&REP WTR
2965	DEF CHGS-RELOCATION EXPENSES
2970	DEF CHGS-ATTORNEY FEE
2975	DEF CHGS-HURRICANE/STORMS COST
2980	DEF CHGS-EMP FEES
2985	DEF CHGS-OTHER
3000	DEF CHGS-OTHER WTR & SWR
3005	DEF CHGS-VOC TESTING
3020	DEF CHGS-SLUDGE HAULING
3025	DEF CHGS-PR WASH/JET SWR MAINS
3030	DEF CHGS-TV SEWER MAINS
3040	DEF CHGS-TANK MAINT&REP SWR
3080	AMORT - LANDSCAPING
3090	AMORT - CUSTOMER COMPLAINTS
3110	AMORT - TANK MAINT&REP WTR
3120	AMORT - RELOCATION EXP

3125	AMORT - ATTORNEY FEE
3130	AMORT - HURRICANE/STORMS
3135	AMORT - EMPLOYEE FEES
3140	AMORT - OTHER
3155	AMORT - OTHER WTR & SWR
3160	AMORT - VOC TESTING
3175	AMORT - SLUDGE HAULING
3180	AMORT - PR WASH/JET SWR MAINS
3185	AMORT - TV SEWER MAINS
3195	AMORT - TANK MAINT&REP SWR
3200	REGULATORY INCOME TAX ASSET
3210	TOTAL LIABILITIES
3215	LONG TERM LIABILITIES
3220	ADVANCES IN AID OF CONSTR
3225	ADV-IN-AID OF CONST-WATER
3230	ADV-IN-AID OF CONST-SEWER
3235	ACC AMORT-AIA-WATER
3240	ACC AMORT-CIA-SEWER
3245	CONTRIBUTIONS IN AID CONST
3250	CONTRIBUTIONS IN AID WATER
3255	CIAC-ORGANIZATION
3260	CIAC-FRANCHISES
3265	CIAC-STRUCT & IMPRV SRC SUPPLY
3270	CIAC-STRUCT & IMPRV WTP
3275	CIAC-STRUCT & IMPRV TRANS DIST
3280	CIAC-STRUCT & IMPRV GEN PLT
3285	CIAC-COLLECTING RESERVOIRS
3290	CIAC-LAKE, RIVER, OTHER INTAKES
3295	CIAC-WELLS & SPRINGS
3300	CIAC-INFILTRATION GALLERY
3305	CIAC-SUPPLY MAINS
3310	CIAC-POWER GENERATION EQUIP
3315	CIAC-ELEC PUMP EQP SRC PUMP
3320	CIAC-ELEC PUMP EQP WTP
3325	CIAC-ELEC PUMP EQP TRANS DIST
3330	CIAC-WATER TREATMENT EQPT
3335	CIAC-DIST RESV & STANDPIPES
3340	CIAC-TRANS & DISTR MAINS
3345	CIAC-SERVICE LINES
3350	CIAC-METERS
3355	CIAC-METER INSTALLS
3360	CIAC-HYDRANTS
3365	CIAC-BACKFLOW PREVENT DEVICE
3370	CIAC-OTH PLT&MISC EQP INTG PLT
3375	CIAC-OTH PLT&MISC EQP SRC SUPPLY
3380	CIAC-OTH PLT&MISC EQP WTP
3385	CIAC-OTH PLT&MISC EQP DIST

3390	CIAC-OFFICE STRUCTURE
3395	CIAC-OFFICE FURN/EQPT
3400	CIAC-STORES EQUIPMENT
3405	CIAC-TOOL SHOP & MISC EQPT
3410	CIAC-LABORATORY EQUIPMENT
3415	CIAC-POWER OPERATED EQUIP
3420	CIAC-COMMUNICATION EQPT
3425	CIAC-MISC EQUIPMENT
3430	CIAC-OTHER TANGIBLE PLT WATER
3435	CIAC-WATER-TAP
3440	CIAC-WTR MGMT FEE
3445	CIAC-WTR RES CAP FEE
3450	CIAC-WTR PLT MOD FEE
3455	CIAC-WTR PLT MTR FEE
3475	CONTRIBUTIONS IN AID SEWER
3480	CIAC-ORGANIZATION
3485	CIAC-FRANCHISES INTANG PLT
3490	CIAC-FRANCHISES RCLM WTR DIST PLT
3495	CIAC-STRUCT/IMPRV COLL PLT
3500	CIAC-STRUCT/IMPRV PUMP PLT LS
3505	CIAC-STRUCT/IMPRV TREAT PLT
3510	CIAC-STRUCT/IMPRV RCLM WTP
3515	CIAC-STRUCT/IMPRV RCLM DIST
3520	CIAC-STRUCT/IMPRV GEN PLT
3525	CIAC-POWER GEN EQUIP COLL PLT
3530	CIAC-POWER GEN EQUIP PUMP PLT
3535	CIAC-POWER GEN EQUIP TREAT PLT
3540	CIAC-POWER GEN EQUIP RCLM WTP
3545	CIAC-POWER GEN EQUIP RCLM DIST
3550	CIAC-SEWER FORCE MAIN/SRVC LINES
3555	CIAC-SEWER GRAVITY MAIN/MANHLES
3560	CIAC-SPECIAL COLL STRUCTURES
3565	CIAC-SERVICES TO CUSTOMERS
3570	CIAC-FLOW MEASURE DEVICES
3575	CIAC-FLOW MEASURE INSTALL
3580	CIAC-RECEIVING WELLS
3585	CIAC-PUMP EQP PUMP PLT
3590	CIAC-PUMP EQP RCLM WTP
3595	CIAC-PUMP EQP RCLM DIST
3600	CIAC-TREAT/DISP EQUIP LAGOON
3605	CIAC-TREAT/DISP EQUIP TRT PLT
3610	CIAC-TREAT/DISP EQUIP RCLM WTP
3615	CIAC-PLANT SEWERS TRTMT PLT
3620	CIAC-PLANT SEWERS RCLM WTP
3625	CIAC-OUTFALL LINES
3630	CIAC-OTHER PLT TANGIBLE
3635	CIAC-OTHER PLT COLLECTION



3640	CIAC-OTHER PLT PUMP
3645	CIAC-OTHER PLT TREATMENT
3650	CIAC-OTHER PLT RCLM WTR TRT
3655	CIAC-OTHER PLT RCLM WTR DIST
3660	CIAC-OFFICE STRUCTURE
3665	CIAC-OFFICE FURN/EQPT
3670	CIAC-STORES EQUIPMENT
3675	CIAC-TOOL SHOP & MISC EQPT
3680	CIAC-LABORATORY EQPT
3685	CIAC-POWER OPERATED EQUIP
3690	CIAC-COMMUNICATION EQPT
3695	CIAC-MISC EQUIP SEWER
3700	CIAC-OTHER TANGIBLE PLT SEWER
3705	CIAC-SEWER-TAP
3710	CIAC-SWR MGMT FEE
3715	CIAC-SWR RES CAP FEE
3720	CIAC-SWR PLT MOD FEE
3725	CIAC-SWR PLT MTR FEE
3745	CIAC-REUSE
3750	CIAC-REUSE SERVICES
3755	CIAC-REUSE MTR/INSTALLATIONS
3760	CIAC-REUSE DIST RESERVOIRS
3765	CIAC-REUSE TRANSMISSION & DIST SYS
3770	CIAC-REUSE-TAP
3775	CIAC-REUSE MGMT FEE
3780	CIAC-REUSE RES CAP FEE
3785	CIAC-REUSE PLT MOD FEE
3790	CIAC-REUSE PLT MTR FEE
3795	ACCUM AMORT OF CIA WATER
3800	ACC AMORT ORGANIZATION
3805	ACC AMORT FRANCHISES
3810	ACC AMORT STRUCT & IMPRV SRC
3815	ACC AMORT STRUCT & IMPRV WTP
3820	ACC AMORT STRUCT & IMPRV DIST
3825	ACC AMORT STRUCT & IMPRV GPLT
3830	ACC AMORT COLLECTING RESERVOIRS
3835	ACC AMORT LAKE, RIVER, OTHER
3840	ACC AMORT WELLS & SPRINGS
3845	ACC AMORT INFILTRATION GALLERY
3850	ACC AMORT SUPPLY MAINS
3855	ACC AMORT POWER GEN EQP
3860	ACC AMORT ELEC PUMP EQP SRC
3865	ACC AMORT ELEC PUMP EQP WTP
3870	ACC AMORT ELEC PUMP EQP TRANS DIST
3875	ACC AMORT WATER TREATMENT EQPT
3880	ACC AMORT DIST RESV & STANDPIP
3885	ACC AMORT TRANS & DISTR MAINS

3890	ACC AMORT SERVICE LINES
3895	ACC AMORT METERS
3900	ACC AMORT METER INSTALLS
3905	ACC AMORT HYDRANTS
3910	ACC AMORT BACKFLOW PREVENT DEVICE
3915	ACC AMORT OTH PLT&MISC EQP INTANG PLT
3920	ACC AMORT OTH PLT&MISC EQP SRC SUPPLY
3925	ACC AMORT OTH PLT&MISC EQP WTP
3930	ACC AMORT OTH PLT&MISC EQP DIST
3935	ACC AMORT OFFICE STRUCTURE
3940	ACC AMORT OFFICE FURN/EQPT
3945	ACC AMORT STORES EQUIPMENT
3950	ACC AMORT TOOL SHOP & MISC EQPT
3955	ACC AMORT LABORATORY EQUIPMENT
3960	ACC AMORT POWER OPERATED EQUIP
3965	ACC AMORT COMMUNICATION EQPT
3970	ACC AMORT MISC EQUIPMENT
3975	ACC AMORT OTHER TANG PLT WATER
3980	ACC AMORT WATER-CIAC TAP
3990	ACC AMORT WTR MGMT FEE - NC
3995	ACC AMORT WTR RES CAP FEE-NC
4000	ACC AMORT WTR PLT MOD FEE-NC
4005	ACC AMORT WTR PLT MTR FEE-NC
4025	ACCUM AMORT OF CIA SEWER
4030	ACC AMORT ORGANIZATION
4035	ACC AMORT FRANCHISES INTANG PLT
4040	ACC AMORT FRANCHISES RCLM DIST
4045	ACC AMORTSTRUCT/IMPRV COLL PLT
4050	ACC AMORTSTRUCT/IMPRV PUMP PLT LS
4055	ACC AMORTSTRUCT/IMPRV TREAT PLT
4060	ACC AMORTSTRUCT/IMPRV RCLM WTP
4065	ACC AMORTSTRUCT/IMPRV RCLM DIST
4070	ACC AMORTSTRUCT/IMPRV GEN PLT
4075	ACC AMORT PWR GEN EQP COLL
4080	ACC AMORT PWR GEN EQP PUMP
4085	ACC AMORT PWR GEN EQP TREAT
4090	ACC AMORT PWR GEN EQP RCLM WTP
4095	ACC AMORT PWR GEN EQP RCLM DST
4100	ACC AMORT SWR FORCE MAIN/SRVC LINES
4105	ACC AMORT SWR GRAVITY MAIN/MANHOLES
4110	ACC AMORT SPCL COLL STRUCTURES
4115	ACC AMORT SERVICES TO CUSTOMERS
4120	ACC AMORT FLOW MEASURE DEVICES
4125	ACC AMORT FLOW MEASURE INSTALL
4130	ACC AMORT RECEIVING WELLS
4135	ACC AMORT PUMP EQP PUMP PLT
4140	ACC AMORT PUMP EQP RCLM WTP

4145	ACC AMORT PUMP EQP RCLM DIST
4150	ACC AMORT TREAT/DISP EQUIP LAGOON
4155	ACC AMORT TREAT/DISP EQUIP TRT PLT
4160	ACC AMORT TREAT/DISP EQUIP RCLM WTP
4165	ACC AMORT PLANT SWR TRTMT PLT
4170	ACC AMORT PLANT SWR RCLM WTP
4175	ACC AMORT OUTFALL LINES
4180	ACC AMORT OTH PLT TANGIBLE
4185	ACC AMORT OTH PLT COLLECTION
4190	ACC AMORT OTH PLT PUMP
4195	ACC AMORT OTH PLT TREATMENT
4200	ACC AMORT OTH PLT RCLM WTR TRT
4205	ACC AMORT OTH PLT RCLM WTR DST
4210	ACC AMORT OFFICE STRUCTURE
4215	ACC AMORT OFFICE FURN/EQPT
4220	ACC AMORT STORES EQUIPMENT
4225	ACC AMORT TOOL SHOP & MISC EQPT
4230	ACC AMORT LABORATORY EQPT
4235	ACC AMORT POWER OPERATED EQUIP
4240	ACC AMORT COMMUNICATION EQPT
4245	ACC AMORT MISC EQUIP SEWER
4250	ACC AMORT STRUCT/IMPRV GPLT ALLOC
4255	ACC AMORT STRUCT/IMPRV GPLT UNDIST
4260	ACC AMORT OTHER TANG PLT SEWER
4265	ACC AMORT SEWER-TAP
4270	ACC AMORT SWR MGMT FEE-NC
4275	ACC AMORT SWR RES CAP FEE-NC
4280	ACC AMORT SWR PLT MOD FEE-NC
4285	ACC AMORT SWR PLT MTR FEE-NC
4305	ACC AMORT-CIA REUSE
4310	ACC AMORT-REUSE SERVICES
4315	ACC AMORT-REUSE MTR/INSTALLS
4320	ACC AMORT-REUSE DIST RESERVOIRS
4325	ACC AMORT-REUSE TRANS DIST SYS
4330	ACC AMORT REUSE-TAP
4335	ACC AMORT REUSE MGMT FEE-NC
4340	ACC AMORT REUSE RES CAP FEE-NC
4345	ACC AMORT REUSE PLT MOD FEE-NC
4350	ACC AMORT REUSE PLT MTR FEE-NC
4355	MISC REGULATORY BALANCES
4356	COST FREE CAPITAL-WATER
4357	COST FREE CAPITAL-SEWER
4358	GOS & FLOW BACK TAXES-WATER
4359	GOS & FLOW BACK TAXES-SEWER
4360	DEFERRED INCOME TAXES
4365	ACCUM DEFERRED FIT
4367	ACCUM DEF INCOME TAX-FED

4369	DEF FED TAX - CIAC PRE 1987
4371	DEF FED TAX - TAP FEE POST 2000
4373	DEF FED TAX - IDC
4375	DEF FED TAX - RATE CASE
4377	DEF FED TAX - DEF MAINT
4379	DEF FED TAX - OTHER OPERATION
4381	DEF FED TAX - SOLD CO
4383	DEF FED TAX - ORGN EXP
4385	DEF FED TAX - BAD DEBT
4387	DEF FED TAX - DEPRECIATION
4389	DEF FED TAX - NOL
4391	DEF FED TAX - CONT PROP
4393	DEF FED TAX - AMT
4395	DEF FED TAX - PRE ACRS
4397	DEF FED TAX - RES CAP FEE
4415	ACCUM DEFERRED SIT
4417	ACCUM DEF INCOME TAX - ST
4419	DEF ST TAX - CIAC PRE 1987
4421	DEF ST TAX - TAP FEE POST 2000
4423	DEF ST TAX - IDC
4425	DEF ST TAX - RATE CASE
4427	DEF ST TAX - DEF MAINT
4429	DEF ST TAX - OTHER OPERATION
4431	DEF ST TAX - SOLD CO
4433	DEF ST TAX - ORGN EXP
4435	DEF ST TAX - BAD DEBT
4437	DEF ST TAX - DEPRECIATION
4439	DEF ST TAX - NOL
4441	DEF ST TAX - CONT PROP
4443	DEF ST TAX - AMT
4445	DEF ST TAX - RES CAP FEE
4455	DEFERRED INV TAX CREDITS
4460	UNAMORT INVEST TAX CREDIT
4465	LONG TERM DEBT
4470	LONG TERM NOTES PAYABLE
4475	L/T NOTES PAYABLE
4475	L/T N/P \$180M 07/06
4475	L/T N/P TO LINC NAT LIFE INS
4475	L/T N/P TO IDS LIFE INS
4475	L/T N/P TEACHERS 8.95%
4475	L/T N/P \$50MM
4475	L/T N/P AMERICAN NATL
4475	L/T N/P CENTURY 21
4475	L/T N/P 20M @ 4.55%
4475	L/T N/P 20M @ 4.62
4475	L/T N/P TEACHERS 9.16%
4475	L/T DEBT-SOUTHERN GULF

4475	L/T N/P TEACHERS 9.01%
4475	N/P CITY OF ST PETERSBURG #1
4475	N/P CITY OF ST PETERSBURG #2
4475	L/T N/P LINCOLN/AMERICAN 7.87%
4475	L/T N/P FIRST UNION
4475	L/T N/P \$41MM 8.42%
4475	L/T DEBT BERMUDA
4475	L/T N/P TO TIERRA VERDE
4475	L/T N/P TO OFFICERS
4480	BOOK VALUE IN EXCESS INV
4485	UNAMORT EXCESS BK VAL
4490	ACCUM AMORT OF EXC BK VAL
4495	CURRENT MATURITY L/T DEBT
4500	CURRENT LIABILITIES
4505	ACCOUNTS PAYABLE
4510	ACCOUNTS PAYABLE TRADE
4515	A/P TRADE
4520	A/P RETIREMENT PLANS
4525	A/P TRADE - ACCRUAL
4527	A/P TRADE - RECD NOT VOUCHERED
4530	ACCTS PAYABLE ASSOC COS
4535	A/P-ASSOC COMPANIES
4540	ACCOUNTS PAYABLE MISC
4545	A/P MISCELLANEOUS
4547	A/P CONVERSION CLEARING
4548	A/P 3RD PARTY LIABILITY
4550	DEF CREDITS
4555	DEF CREDITS OTHER
4560	AMORT DEF CREDITS
4565	ADVANCES FROM UTILITIES INC
4570	NOTES PAYABLE TO BANKS
4575	NOTES PAYABLE SHORT TERM
4580	N/P SHORT TERM
4580	N/P CHASE
4580	N/P BANK OF AMERICA
4580	N/P C & S NATIONAL BANK
4580	N/P NATIONS BANK
4580	S/T N/P FIRST UNION
4580	N/P UTIL SUPPLY AMERICA
4585	N/P TO ASSOC COS UI
4590	CUSTOMER DEPOSITS
4595	CUSTOMER DEPOSITS
4600	METER DEPOSITS
4605	ACCRUED TAXES
4610	ACCRUED TAXES
4612	ACCRUED TAXES GENERAL
4614	ACCRUED GROSS RECEIPT TAX

4616	ACCRUED FRANCHISE TAX
4618	ACCRUED UTIL OR COMM TAX
4620	ACCRUED SAFE DRINKING ACT
4622	ACCRUED SUI
4624	ACCRUED ST DISABILITY
4626	ACCRUED ASSOCIATION FEE
4628	ACCRUED REAL EST TAX
4630	ACCRUED PERS PROP & ICT TAX
4632	ACCRUED SPECIAL ASSESSMENTS
4634	ACCRUED SALES TAX
4635	ACCRUED USE TAX
4636	ACCRUED COUNTY TAX
4638	ACCRUED CITY TAX
4640	ACCRUED RESTOR FUND
4642	ACCRUED ST W/H TAX
4642	ACCRUED ST W/H TAX GEORGIA
4642	ACCRUED ST W/H TAX ILLINOIS
4642	ACCRUED ST W/H TAX INDIANA
4642	ACCRUED ST W/H TAX MISS
4642	ACCRUED ST W/H TAX N C
4642	ACCRUED ST W/H TAX OHIO
4642	ACCRUED ST W/H TAX S C
4642	ACCRUED ST W/H TAX NONREG
4642	ACCRUED ST W/H TAX VIRGINIA
4642	ACCRUED ST W/H TAX WISCONSIN
4642	ACCRUED ST W/H TAX LOUISIANA
4642	ACCRUED ST W/H TAX TENNESSEE
4642	ACCRUED ST W/H TAX MARYLAND
4642	ACCRUED ST W/H TAX PA
4642	ACCRUED ST W/H TAX NJ
4657	ACCRUED INCOME TAX
4659	ACCRUED FED INCOME TAX
4661	ACCRUED ST INCOME TAX
4670	ACCRUED INTEREST
4675	ACCRUED INTEREST
4680	ACCRUED L/T INTEREST
4685	ACCRUED CUST DEP INTEREST
4690	ACCRUED INS CO INTEREST
4695	ACCRUED S/T BK DEBT INTEREST
4700	ACCRUED SALARIES
4705	SALARIES PAYABLE
4710	DEFERRED REVENUE
4715	DEFERRED REVENUE
4720	RESERVE-PEND REG MATTER
4725	RESERVE-PEND REG MATTER
4730	PAYABLE TO DEVELOPERS
4735	PAYABLE TO DEVELOPER

4740	TOTAL EQUITY
4745	EQUITY
4750	COMMON SHAREHOLD EQUITY
4755	COMMON STOCK / CS SUBSCR
4760	COMMON STOCK
4765	COMMON STOCK SUBSCRIBED
4770	DEFERRED COMP-RESTRICTED STOCK
4775	PREM ON COMMON STOCK
4780	PAID IN CAPITAL
4785	MISC PAID IN CAPITAL
4790	CAPITAL STOCK EXPENSE
4795	UNDISTRIBUTED STOCK
4800	OTHER COMPREHENSIVE INCOME-NET
4805	TREASURY STOCK
4998	RETAINED EARN-PRIOR YEARS
4999	RETAINED EARN-CURRENT YR
9510	NUMBER OF BILLS SENT OUT BY CO
9575	ERC WATER & SEWER BY CO

<b>Account Number</b>	<b>Description</b>
5000	TOTAL REVENUE
5005	OPERATING REVENUES
5010	WATER OPERATING REVENUES
5015	WATER REVENUE
5020	WATER REVENUE UNMETERED
5025	WATER REVENUE-RESIDENTIAL
5030	WATER REVENUE-ACCRUALS
5035	WATER REVENUE-COMMERCIAL
5040	WATER REVENUE-INDUSTRIAL
5045	WATER REVENUE-PUBLIC AUTH
5050	WATER REVENUE-MULT FAM DWELL
5051	WATER REVENUE-STORM REC RIDER
5055	FIRE PROTECTION REVENUE
5060	PUBLIC FIRE PROTECTION
5065	PRIVATE FIRE PROTECTION
5070	OTHER SALES TO PUBLIC AUTH
5075	SALES TO IRRIGATION CUSTOMERS
5080	SALES FOR RESALE
5085	INTERDEPARTMENTAL SALES
5090	SEWER OPERATING REVENUES
5095	SEWER REVENUE FLAT
5100	SEWER REVENUE-RESIDENTIAL
5105	SEWER REVENUE-ACCRUALS
5110	SEWER REVENUE-COMMERCIAL
5115	SEWER REVENUE-INDUSTRIAL
5120	SEWER REVENUE-PUBLIC AUTH
5125	SEWER REVENUE-MULT FAM DWELL
5127	SEWER REVENUE-STORM REC RIDER
5130	SEWER REVENUE-OTHER
5135	SEWER REVENUE MEASURED
5140	SEWER REVENUE-RESIDENTIAL
5145	SEWER SOLIDS PUMPING CHGE
5150	SEWER REVENUE-ACCRUALS
5155	SEWER REVENUE-COMMERCIAL
5160	SEWER REVENUE-INDUSTRIAL
5165	SEWER REVENUE-PUBLIC AUTH
5170	SEWER REVENUE-MULT FAM DWELL
5175	REVENUES FROM PUBLIC AUTH
5180	REVENUES FROM OTHER SYSTEMS
5185	INTERDEPARTMENTAL SALES
5190	REUSE REVENUE
5195	REUSE REVENUE FLAT
5200	REUSE REVENUE-RESIDENTIAL
5205	REUSE REVENUE-COMMERCIAL
5210	REUSE REVENUE-INDUSTRIAL



5215	REUSE REVENUE-PUBLIC AUTH
5220	REUSE REVENUE-OTHER
5225	REUSE REVENUE MEASURED
5230	REUSE REVENUE-RESIDENTIAL
5235	REUSE REVENUE-COMMERCIAL
5240	REUSE REVENUE-INDUSTRIAL
5245	REUSE REVENUE-PUBLIC AUTH
5250	MISC OPERATING REVENUES
5255	GUARANTEED REVENUES
5260	SALE OF SLUDGE
5265	FORFEITED DISCOUNTS
5270	MISC SERVICE REVENUE
5275	RENTS FROM W/S PROPERTY
5280	INTERDEPARTMENTAL RENTS
5285	OTHER W/S REVENUES
5290	NON-REGULATED REVENUES
5295	MAINTENANCE INTERNAL REVENUE
5300	MAINTENANCE REVENUE
5305	MAINTENANCE-INTERNAL-LABOR
5310	MAINTENANCE-INTERNAL-MATERIALS
5315	MAINTENANCE EXTERNAL REVENUE
5320	MAINTENANCE-EXTERNAL-LABOR
5325	MAINTENANCE-EXTERNAL-MATERIALS
5330	SLUDGE INTERNAL REVENUE
5335	REVENUE-INTERNAL-SLUDGE
5340	REVENUE-INTERNAL-RECEIVING CHG
5345	REVENUE-INTERNAL-TRANS
5350	REVENUE-INTERNAL-SEPTAGE
5355	REVENUE-INTERNAL-MISC
5360	SLUDGE EXTERNAL REVENUE
5365	REVENUE-EXTERNAL-RECVG CHG
5370	REVENUE-EXTERNAL-TRANS
5375	REVENUE-EXTERNAL-SEPTAGE
5380	REVENUE-EXTERNAL-MISC
5385	3RD PARTY BILLING
5390	3RD PARTY BILLING REVENUE
5395	3RD PARTY BILLING EXPENSE
5400	REV FROM MGMT SERVICES
5405	REV FROM MGMT SERVICES
5410	TOTAL OPERATING EXPENSES
5415	OPERATING EXPENSES
5420	OPERATING EXPENSES CONSOL
5425	PURCHASED WATER EXPENSE
5430	PURCHASED WATER
5435	PURCHASED WATER-WATER SYS
5440	PURCHASED WATER-SEWER SYS
5445	PURCHASED WATER - BILLINGS

5450	PURCHASED SEWER TREATMENT
5455	PURCHASED SEWER TREATMENT
5460	PURCHASED SEWER - BILLINGS
5465	ELEC PWR - WATER SYSTEM
5465	10 ELEC PWR - WTR SYSTEM SRC SUPPLY
5465	11 ELEC PWR - WTR SYSTEM WTR TREAT
5465	12 ELEC PWR - WTR SYSTEM TRANS DIS
5465	13 ELEC PWR - WTR SYSTEM ADMIN
5470	ELEC PWR - SWR SYSTEM
5470	10 ELEC PWR - SWR SYSTEM COLL
5470	11 ELEC PWR - SWR SYSTEM PUMP
5470	12 ELEC PWR - SWR SYSTEM TRT DISP
5470	13 ELEC PWR - SWR SYSTEM ADMIN
5470	14 ELEC PWR - SWR SYSTEM REUSE WT
5470	15 ELEC PWR - SWR SYSTEM REUSE DS
5471	ELEC PWR - OTHER
5475	CHEMICALS
5480	CHLORINE
5485	ODOR CONTROL CHEMICALS
5490	OTHER TREATMENT CHEMICALS
5495	METER READING
5500	BAD DEBT EXPENSE
5505	AGENCY EXPENSE
5510	UNCOLLECTIBLE ACCOUNTS
5515	UNCOLL ACCOUNTS ACCRUAL
5520	BILLING & CUSTOMER SERVICE EXPENSE
5525	BILL STOCK
5530	BILLING COMPUTER SUPPLIES
5535	BILLING ENVELOPES
5540	BILLING POSTAGE
5545	CUSTOMER SERVICE PRINTING
5570	NON-REGULATED COGS
5575	NON-REGULATED COGS A
5580	NON-REGULATED COGS B
5585	NON-REGULATED COGS C
5590	NON-REGULATED COGS D
5595	NON-REGULATED COGS E
5620	EMPLOYEE PENSION&BENEFITS
5625	401K/ESOP CONTRIBUTIONS
5630	DENTAL PREMIUMS
5635	DENTAL INS REIMBURSEMENTS
5640	EMP PENSIONS & BENEFITS
5645	EMPLOYEE INS DEDUCTIONS
5650	HEALTH COSTS & OTHER
5655	HEALTH INS REIMBURSEMENTS
5660	OTHER EMP PENSION/BENEFITS
5665	PENSION CONTRIBUTIONS

5670	TERM LIFE INS
5675	TERM LIFE INS-OPT
5680	DEPEND LIFE INS-OPT
5685	SUPPLEMENTAL LIFE INS
5690	TUITION
5695	INSURANCE EXPENSE
5700	INSURANCE-VEHICLE
5705	INSURANCE-GEN LIAB
5710	INSURANCE-WORKERS COMP
5715	INSURANCE-OTHER
5730	IT DEPARTMENT
5735	COMPUTER MAINTENANCE
5740	COMPUTER SUPPLIES
5745	COMPUTER AMORT & PROG COST
5750	INTERNET SUPPLIER
5755	MICROFILMING
5760	WEBSITE DEVELOPMENT
5780	MISCELLANEOUS EXPENSE
5785	ADVERTISING/MARKETING
5790	BANK SERVICE CHARGE
5795	CONTRIBUTIONS
5800	LETTER OF CREDIT FEE
5805	LICENSE FEES
5810	MEMBERSHIPS
5815	PENALTIES/FINES
5820	TRAINING EXPENSE
5825	OTHER MISC EXPENSE
5850	OFFICE EXPENSE
5855	ANSWERING SERVICE
5860	CLEANING SUPPLIES
5865	COPY MACHINE
5870	HOLIDAY EVENTS/PICNICS
5875	KITCHEN SUPPLIES
5880	OFFICE SUPPLY STORES
5885	PRINTING/BLEUPRINTS
5890	PUBL SUBSCRIPTIONS/TAPES
5895	SHIPPING CHARGES
5900	OTHER OFFICE EXPENSES
5925	OFFICE UTILITIES/MAINTENANCE
5930	OFFICE ELECTRIC
5935	OFFICE GAS
5940	OFFICE WATER
5945	OFFICE TELECOM
5950	OFFICE GARBAGE REMOVAL
5955	OFFICE LANDSCAPE / MOW / PLOW
5960	OFFICE ALARM SYS PHONE EXP
5965	OFFICE MAINTENANCE

5970	OFFICE CLEANING SERVICE
5975	OFFICE MACHINE/HEAT&COOL
5980	OTHER OFFICE UTILITIES
5985	TELEMETERING PHONE EXPENSE
6000	OUTSIDE SERVICE EXPENSE
6005	ACCOUNTING STUDIES
6010	AUDIT FEES
6015	EMPLOY FINDER FEES
6020	ENGINEERING FEES
6025	LEGAL FEES
6030	MANAGEMENT FEES
6035	PAYROLL SERVICES
6040	TAX RETURN REVIEW
6045	TEMP EMPLOY - CLERICAL
6050	OTHER OUTSIDE SERVICES
6060	REGULATORY COMMISSION EXP
6065	RATE CASE AMORT EXPENSE
6070	MISC REG MATTERS COMM EXP
6075	WATER RESOURCE CONSERV EXP
6085	RENT EXPENSE
6090	RENT
6100	SALARIES & WAGES
6105	SALARIES-SYSTEM PROJECT
6110	SALARIES-ACCTG/FINANCE
6115	SALARIES-ADMIN
6120	SALARIES-OFFICERS/STKHLDR
6125	SALARIES-HR
6130	SALARIES-MIS
6135	SALARIES-LEADERSHIP OPS
6140	SALARIES-REGULATORY
6145	SALARIES-CUSTOMER SERVICE
6150	SALARIES-OPERATIONS FIELD
6155	SALARIES-OPERATIONS OFFICE
6160	SALARIES-CHGD TO PLT-WSC
6165	CAPITALIZED TIME ADJUSTMENT
6170	CAPITALIZED TIME ADJ-CORPORATE
6180	TRAVEL EXPENSE
6185	TRAVEL LODGING
6190	TRAVEL AIRFARE
6195	TRAVEL TRANSPORTATION
6200	TRAVEL MEALS
6205	TRAVEL ENTERTAINMENT
6207	TRAVEL OTHER
6210	FLEET TRANSPORTATION EXPENSE
6215	FUEL
6220	AUTO REPAIR/TIRES
6225	AUTO LICENSES

6230	OTHER TRANS EXPENSES
6250	MAINTENANCE TESTING
6255	TEST-WATER
6260	TEST-EQUIP/CHEMICAL
6265	TEST-SAFE WATER DRINKING
6270	TEST-SEWER
6280	MAINTENANCE-WATER PLANT
6285	WATER-MAINT SUPPLIES
6290	WATER-MAINT REPAIRS
6295	WATER-MAIN BREAKS
6300	WATER-ELEC EQUIPT REPAIR
6305	WATER-PERMITS
6310	WATER-OTHER MAINT EXP
6315	MAINTENANCE-SEWER PLANT
6320	SEWER-MAINT SUPPLIES
6325	SEWER-MAINT REPAIRS
6330	SEWER-MAIN BREAKS
6335	SEWER-ELEC EQUIPT REPAIR
6340	SEWER-PERMITS
6345	SEWER-OTHER MAINT EXP
6350	MAINTENANCE-WTR&SWR PLANT
6355	DEFERRED MAINT EXPENSE
6360	COMMUNICATION EXPENSE
6365	EQUIPMENT RENTALS
6370	OPER CONTRACTED WORKERS
6375	OUTSIDE LAB FEES-LAB,LAND
6380	REPAIRS & MAINT-MAINT,LAND
6385	UNIFORMS
6390	WEATHER/HURRICANE COSTS
6400	SEWER RODDING
6410	SLUDGE HAULING
6430	DEPRECIATION & AMORT NET
6435	DEPRECIATION EXP-WATER
6445	DEPREC-ORGANIZATION
6450	DEPREC-FRANCHISES
6455	DEPREC-STRUCT & IMPRV SRC SUPPLY
6460	DEPREC-STRUCT & IMPRV WTP
6465	DEPREC-STRUCT & IMPRV DIST
6470	DEPREC-STRUCT & IMPRV GEN PLT
6475	DEPREC-COLLECTING RESERVOIRS
6480	DEPREC-LAKE, RIVER, OTHER
6485	DEPREC-WELLS & SPRINGS
6490	DEPREC-INFILTRATION GALLERY
6495	DEPREC-SUPPLY MAINS
6500	DEPREC-POWER GEN EQP
6505	DEPREC-ELEC PUMP EQP SRC PUMP
6510	DEPREC-ELEC PUMP EQP WTP

6515	DEPREC-ELEC PUMP EQP TRANS DST
6520	DEPREC-WATER TREATMENT EQPT
6525	DEPREC-DIST RESV & STANDPIPES
6530	DEPREC-TRANS & DISTR MAINS
6535	DEPREC-SERVICE LINES
6540	DEPREC-METERS
6545	DEPREC-METER INSTALLS
6550	DEPREC-HYDRANTS
6555	DEPREC-BACKFLOW PREVENT DEVICE
6560	DEPREC-OTH PLT&MISC EQP INTANG PLT
6565	DEPREC-OTH PLT&MISC EQP SRC SUPPLY
6570	DEPREC-OTH PLT&MISC EQP WTP
6575	DEPREC-OTH PLT&MISC EQP DIST
6580	DEPREC-OFFICE STRUCTURE
6585	DEPREC-OFFICE FURN/EQPT
6590	DEPREC-STORES EQUIPMENT
6595	DEPREC-TOOL SHOP & MISC EQPT
6600	DEPREC-LABORATORY EQUIPMENT
6605	DEPREC-POWER OPERATED EQUIP
6610	DEPREC-COMMUNICATION EQPT
6615	DEPREC-MISC EQUIPMENT
6620	DEPREC-OTHER TANG PLT WATER
6635	DEPRECIATION EXP-SEWER
6640	DEPREC-ORGANIZATION
6645	DEPREC-FRANCHISES INTANG PLT
6650	DEPREC-FRANCHISES RCLM WTR DIST PLT
6655	DEPREC-STRUCT/IMPRV COLL PLT
6660	DEPREC-STRUCT/IMPRV PUMP
6665	DEPREC-STRUCT/IMPRV TREAT PLT
6670	DEPREC-STRUCT/IMPRV RCLM WTP
6675	DEPREC-STRUCT/IMPRV RCLM DIST
6680	DEPREC-STRUCT/IMPRV GEN PLT
6685	DEPREC-POWER GEN EQUIP COLL PLT
6690	DEPREC-POWER GEN EQUIP PUMP PLT
6695	DEPREC-POWER GEN EQUIP TREAT
6700	DEPREC-POWER GEN EQUIP RCLM WTP
6705	DEPREC-POWER GEN EQUIP RCLM DS
6710	DEPREC-SEWER FORCE MAIN/SRVC
6715	DEPREC-SEWER GRAVITY MAIN/MANH
6720	DEPREC-SPECIAL COLL STRUCTURES
6725	DEPREC-SERVICES TO CUSTOMERS
6730	DEPREC-FLOW MEASURE DEVICES
6735	DEPREC-FLOW MEASURE INSTALL
6740	DEPREC-RECEIVING WELLS
6745	DEPREC-PUMP EQP PUMP PLT
6750	DEPREC-PUMP EQP RCLM WTP
6755	DEPREC-PUMP EQP RCLM WTR DIST PLT

6760	DEPREC-TREAT/DISP EQUIP LAGOON
6765	DEPREC-TREAT/DISP EQ TRT PLT
6770	DEPREC-TREAT/DISP EQ RCLM WTP
6775	DEPREC-PLANT SEWERS TRTMT PLT
6780	DEPREC-PLANT SEWERS RCLM WTP
6785	DEPREC-OUTFALL LINES
6790	DEPREC-OTHER PLT TANGIBLE
6795	DEPREC-OTHER PLT COLLECTION
6800	DEPREC-OTHER PLT PUMP
6805	DEPREC-OTHER PLT TREATMENT
6810	DEPREC-OTHER PLT RCLM WTR TRT
6815	DEPREC-OTHER PLT RCLM WTR DIST
6820	DEPREC-OFFICE STRUCTURE
6825	DEPREC-OFFICE FURN/EQPT
6830	DEPREC-STORES EQUIPMENT
6835	DEPREC-TOOL SHOP & MISC EQPT
6840	DEPREC-LABORATORY EQPT
6845	DEPREC-POWER OPERATED EQUIP
6850	DEPREC-COMMUNICATION EQPT
6855	DEPREC-MISC EQUIP SEWER
6860	DEPREC-OTHER TANG PLT SEWER
6870	DEPRECIATION EXP-REUSE
6875	DEPREC-REUSE SERVICES
6880	DEPREC-REUSE MTR/INSTALLATIONS
6885	DEPREC-REUSE DIST RESERVOIRS
6890	DEPREC-REUSE TRANSM / DIST SYS
6900	DEPREC EXP-AUTO TRANS
6905	DEPREC-AUTO TRANS
6915	DEPREC EXP-COMPUTER
6920	DEPREC-COMPUTER
6940	DEPRECIATION EXP-NONREGULATED
6945	DEPRECIATION EXP-OTHER
6950	AMORT EXP-AIA-WATER
6955	AMORT EXP-AIA-SEWER
6960	AMORT OF UTIL PAA-WATER
6965	AMORT OF UTIL PAA-SEWER
6980	AMORT EXP-CIA-WATER
6985	AMORT-ORGANIZATION
6990	AMORT-FRANCHISES
6995	AMORT-STRCT&IMPRV SRC SUPPLY
7000	AMORT-STRCT&IMPRV WTP
7005	AMORT-STRCT&IMPRV DIST
7010	AMORT-STRCT&IMPRV GEN PLT
7015	AMORT-COLLECTING RESERVOIRS
7020	AMORT-LAKE, RIVER, OTHER INTAKES
7025	AMORT-WELLS & SPRINGS
7030	AMORT-INFILTRATION GALLERY

7035	AMORT-SUPPLY MAINS
7040	AMORT-POWER GEN EQP
7045	AMORT-ELEC PUMP EQP SRC PUMP
7050	AMORT-ELEC PUMP EQP WTP
7055	AMORT-ELEC PUMP EQP TRANS DIST
7060	AMORT-WATER TREATMENT EQPT
7065	AMORT-DIST RESV & STANDPIPES
7070	AMORT-TRANS & DISTR MAINS
7075	AMORT-SERVICE LINES
7080	AMORT-METERS
7085	AMORT-METER INSTALLS
7090	AMORT-HYDRANTS
7095	AMORT-BACKFLOW PREVENT DEVICE
7100	AMORT-OTH PLT&MISC EQP INTANG PLT
7105	AMORT-OTH PLT&MISC EQP SRC SUPPLY
7110	AMORT-OTH PLT&MISC EQP WTP
7115	AMORT-OTH PLT&MISC EQP DIST
7120	AMORT-OFFICE STRUCTURE
7125	AMORT-OFFICE FURN/EQPT
7130	AMORT-STORES EQUIPMENT
7135	AMORT-TOOL SHOP & MISC EQPT
7140	AMORT-LABORATORY EQUIPMENT
7145	AMORT-POWER OPERATED EQUIP
7150	AMORT-COMMUNICATION EQPT
7155	AMORT-MISC EQUIPMENT
7160	AMORT-OTHER TANGIBLE PLT WATER
7165	AMORT-WATER-TAP
7170	AMORT-WTR MGMT FEE
7175	AMORT-WTR RES CAP FEE
7180	AMORT-WTR PLT MOD FEE
7185	AMORT-WTR PLT MTR FEE
7200	AMORT EXP-CIA-SEWER
7205	AMORT-ORGANIZATION
7210	AMORT-FRANCHISES INTANG PLT
7215	AMORT-FRANCHISES RCLM WTR DIST PLT
7220	AMORT-STRUCT/IMPRV COLL PLT
7225	AMORT-STRUCT/IMPRV PUMP PLT LS
7230	AMORT-STRUCT/IMPRV TREAT PLT
7235	AMORT-STRUCT/IMPRV RCLM WTP
7240	AMORT-STRUCT/IMPRV RCLM DIST
7245	AMORT-STRUCT/IMPRV GEN PLT
7250	AMORT-POWER GEN EQUIP COLL PLT
7255	AMORT-POWER GEN EQUIP PUMP PLT
7260	AMORT-POWER GEN EQUIP TREAT PLT
7265	AMORT-POWER GEN EQUIP RCLM WTP
7270	AMORT-POWER GEN EQUIP RCLM DST
7275	AMORT-SEWER FORCE MAIN/SRVC



7280	AMORT-SEWER GRAVITY MAIN/MANH
7285	AMORT-SPECIAL COLL STRUCTURES
7290	AMORT-SERVICES TO CUSTOMERS
7295	AMORT-FLOW MEASURE DEVICES
7300	AMORT-FLOW MEASURE INSTALL
7305	AMORT-RECEIVING WELLS
7310	AMORT-PUMP EQP PUMP PLT
7315	AMORT-PUMP EQP RCLM WTP
7320	AMORT-PUMP EQP RCLM DIST
7325	AMORT-TREAT/DISP EQUIP LAGOON
7330	AMORT-TREAT/DISP EQUIP TRT PLT
7335	AMORT-TREAT/DISP EQUIP RCLM WTP
7340	AMORT-PLANT SEWERS TRTMT PLT
7345	AMORT-PLANT SEWERS RCLM WTP
7350	AMORT-OUTFALL LINES
7355	AMORT-OTHER PLT TANGIBLE
7360	AMORT-OTHER PLT COLLECTION
7365	AMORT-OTHER PLT PUMP
7370	AMORT-OTHER PLT TREATMENT
7375	AMORT-OTHER PLT RCLM WTR TRT
7380	AMORT-OTHER PLT RCLM WTR DIST
7385	AMORT-OFFICE STRUCTURE
7390	AMORT-OFFICE FURN/EQPT
7395	AMORT-STORES EQUIPMENT
7400	AMORT-TOOL SHOP & MISC EQPT
7405	AMORT-LABORATORY EQPT
7410	AMORT-POWER OPERATED EQUIP
7415	AMORT-COMMUNICATION EQPT
7420	AMORT-MISC EQUIP SEWER
7425	AMORT-OTHER TANGIBLE PLT SEWER
7430	AMORT-SEWER-TAP
7435	AMORT-SWR MGMT FEE
7440	AMORT-SWR RES CAP FEE
7445	AMORT-SWR PLT MOD FEE
7450	AMORT-SWR PLT MTR FEE
7465	AMORT EXP-REUSE
7470	AMORT-REUSE SERVICES
7475	AMORT-REUSE MTR/INSTALLATIONS
7480	AMORT-REUSE DIST RESERVOIRS
7485	AMORT-REUSE TRANSMISSION & DIST SYS
7495	AMORT OF EXCESS BK VALUE
7500	TAXES OTHER THAN INCOME
7505	PAYROLL TAXES
7510	FICA EXPENSE
7515	FEDERAL UNEMPLOYMENT TAX
7520	STATE UNEMPLOYMENT TAX
7530	PROPERTY & OTHER TAXES

7535	FRANCHISE TAX
7540	GROSS RECEIPTS TAX
7545	PERSONAL PROPERTY/ICT TAX
7550	PROPERTY/OTHER GENERAL TAX
7555	REAL ESTATE TAX
7560	SALES/USE TAX EXPENSE
7565	SPECIAL ASSESSMENTS
7570	UTILITY/COMMISSION TAX
7580	INCOME TAXES
7585	AMORT OF INVEST TAX CREDIT
7590	DEF INCOME TAX-FED ITC
7595	DEF INCOME TAX-FEDERAL
7600	DEF INCOME TAXES-STATE
7605	INCOME TAXES-FEDERAL
7610	INCOME TAXES-STATE
7620	TOTAL OTHER INCOME & EXPENSE
7625	OTHER INCOME
7630	OTHER INCOME
7635	DIVIDEND INCOME
7640	INCOME FROM MGMT SERVICES
7645	INTEREST INCOME-INTERCO
7650	MISCELLANEOUS INCOME
7655	MISCELLANEOUS INC NON-UTILITY
7660	MISCELLANEOUS EXP NON-UTILITY
7665	EXTRAORDINARY GAIN/LOSS
7670	EXTRAORDINARY DEDUCTIONS
7675	RENTAL / OTHER INCOME
7680	RENTAL INCOME
7685	INTEREST INCOME
7690	SALE OF EQUIPMENT
7691	NET BOOK VALUE-DISPOSAL
7692	DISPOSAL-CLEARING
7693	DISPOSAL-PROCEEDS
7695	OTHER EXPENSE
7700	INTEREST EXPENSE
7705	AMORT OF DEB & ACQ EXP
7710	INTEREST EXPENSE-INTERCO
7715	LONG TERM INTEREST EXP
7720	10 L/T INT EXP \$50MM
7720	11 L/T INT EXP 20M 4.55%
7720	12 L/T INT EXP 20M 4.62
7720	13 L/T INT EXP \$41MM 8.42%
7720	14 L/T INT EXP TEACHERS INS.& ANN.
7720	15 L/T INT EXP \$180 M 7/06
7720	16 L/T INT EXP BANK ONE
7720	17 L/T INT EXP BK OF AMERICA
7720	18 L/T INT EXP C&S NATL BK

7720	19 L/T INT EXP N C NATIONAL
7720	20 L/T INT EXP CENTURY 21
7720	21 L/T INT EXP IDS LIFE INS
7720	22 L/T INT EXP PRUDENTIAL BACHE
7720	23 L/T INT EXP FIRST UNION
7720	24 L/T INT EXP LINCOLN LIFE INS
7720	25 L/T INT EXP 15M LINCOLN NATL
7720	26 L/T INT EXP MORTGAGES
7720	27 L/T INT EXP DEBT DISC
7720	28 L/T INT EXP OTHER
7725	LOSS ON DEBT REFINANCING
7730	SHORT TERM INTEREST EXP
7735	10 S/T INT EXP BANK ONE
7735	11 S/T INT EXP CUSTOMERS DEP
7735	12 S/T INT EXP CHARGES
7735	13 S/T INT EXP OTHER
7735	14 S/T INT EXP BK OF AMERICA
7735	15 S/T INT EXP C & S NATL BK
7735	16 S/T INT EXP NATIONS BANK
7735	17 S/T INT EXP FIRST UNION
7735	18 S/T INT EXP UTIL SUP AMER
7735	19 S/T INT EXP MISC
7745	ALLOW FUNDS USED CONSTR
7750	INTEREST DURING CONSTRUCTION
7760	GAIN/LOSS ON DISPOSITION
7765	SALE OF UTILITY PROPERTY
7770	TAX EFFECT OF CAP TRANS
7775	CURRENT TAX-FIT-SOLD CO
7780	DEFERRED TAX-FIT-SOLD CO
7785	CURRENT TAX-SIT-SOLD CO
7790	DEFERRED TAX-SIT-SOLD CO
7795	TAX EFFECT OF CAP TRANS
9500	CUSTOMER EQUIVALENTS
9510	NUMBER OF BILLS SENT OUT BY CO
9520	NUMBER OF INVOICES RECD BY CO
9530	NUMBER OF EMPLOYEES AT HQ
9540	PROPERTY VALUES
9550	NUMBER OF CUSTOMERS
9560	NUMBER OF VEHICLES INSURED
9570	ERC WATER & SEWER BY BU
9575	ERC WATER & SEWER BY CO
9580	NO OF SHARES
9590	DEPREC RATE WATER
9600	DEPREC RATE SEWER
9610	PAA WATER AMORT RATE
9620	PAA SEWER AMORT RATE
9630	CUSTOMER DEPOSIT INTEREST RATE

9640	CIA WATER AMORT RATE
9650	CIA SEWER AMORT RATE
9660	OFFICE SALARIES
9670	WATER CONSUMPTION
9680	SEWER CONSUMPTION
9690	WATER UNITS
9700	SEWER UNITS
9710	STATISTICS CLEARING
9720	BILLING STATS CLEARING ACCT
9730	HOURS METER READING
9740	MILES METER READING
9750	HOURS ORIGINAL METER READING
9760	MILES ORIGINAL METER READING



**Case No. 2008-00563**  
**Exhibit 12**

**UTILITIES, INC.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007 AND 2006**

CONFIDENTIAL





**Case No. 2008-00563**  
**Exhibit 13**

Water Service Corporation of Kentucky depreciates its water plant at a rate of 2%, its vehicles at 25%, and its computers at 12.50%. Four years is the average life span of vehicles and computers have a life span of 8 years, while water plant, if not based on a class of asset depreciation, is typically depreciated over 50 years for most Utilities, Inc. companies.

WATER SERVICE CORPORATION OF KENTUCKY  
 Plant Restatement  
 Through Acquisition

w/p [o]

	Year Placed in Service	Date Acq.	Cost	Years in Service	Depr. Rate	Acc. Depr.	Net Plant	Fully Deprec.
<u>Plant</u>								
3036010	1981	1/1/1981	3,257.48	1.00	0.00%	-	3,257.48	No
3036010	1981	1/1/1981	596.00	1.00	0.00%	-	596.00	No
3036010	1981	1/1/1981	1,234.50	1.00	0.00%	-	1,234.50	No
3043021	1985	11/21/1985	13,478.20	1.00	3.13%	421.19	13,057.01	No
3044031	1985	11/21/1985	185,476.30	1.00	3.13%	5,796.13	179,680.17	No
3043021	1985	11/21/1985	2,641.38	1.00	3.13%	82.54	2,558.84	No
3044031	1985	11/21/1985	6,336.72	1.00	3.13%	198.02	6,138.70	No
3072014	1985	11/21/1985	30,123.53	1.00	3.33%	1,004.12	29,119.41	No
3113025	1985	11/21/1985	194,242.01	1.00	5.00%	9,712.10	184,529.91	No
3113025	1985	11/21/1985	25,622.80	1.00	5.00%	1,281.14	24,341.66	No
3204032	1985	11/21/1985	334,189.62	1.00	4.55%	15,190.44	318,999.18	No
3204032	1985	11/21/1985	13,680.34	1.00	4.55%	621.83	13,058.51	No
3204032	1985	11/21/1985	10,164.72	1.00	4.55%	462.03	9,702.69	No
3305042	1985	11/21/1985	312,686.93	1.00	2.70%	8,451.00	304,235.93	No
3305042	1985	11/21/1985	125,585.14	1.00	2.70%	3,394.19	122,190.95	No
3315043	1985	11/21/1985	2,264,076.47	1.00	2.33%	52,652.94	2,211,423.53	No
3315043	1985	11/21/1985	283,658.51	1.00	2.33%	6,596.71	277,061.80	No
3315043	1985	11/21/1985	40,452.80	1.00	2.33%	940.76	39,512.04	No
3335045	1985	11/21/1985	515,437.63	1.00	2.50%	12,885.94	502,551.69	No
3335045	1985	11/21/1985	78,560.82	1.00	2.50%	1,964.02	76,596.80	No
3345046	1985	11/21/1985	370,692.25	1.00	5.00%	18,534.61	352,157.64	No
3345046	1985	11/21/1985	70,195.28	1.00	5.00%	3,509.76	66,685.52	No
3345047	1985	11/21/1985	145,967.76	1.00	5.00%	7,298.39	138,669.37	No
3345047	1985	11/21/1985	19,188.32	1.00	5.00%	959.42	18,228.90	No
3355048	1985	11/21/1985	129,343.47	1.00	2.22%	2,874.30	126,469.17	No
3355048	1985	11/21/1985	21,885.34	1.00	2.22%	486.34	21,399.00	No
3466094	1997	7/31/1997	6,000.81	1.00	6.25%	375.05	5,625.76	No
3466094	1997	7/31/1997	677.84	1.00	6.25%	42.37	635.48	No
3466094	1997	7/31/1997	39,951.21	1.00	6.25%	2,496.95	37,454.26	No
3466094	1997	7/31/1997	18,022.24	1.00	6.25%	1,126.39	16,895.85	No
3446095	1997	7/31/1997	29,151.79	1.00	6.67%	1,943.45	27,208.34	No
3466094	1997	7/31/1997	34,478.84	1.00	6.25%	2,154.93	32,323.91	No
3466094	1997	7/31/1997	682.50	1.00	6.25%	42.66	639.84	No
3466097	1997	7/31/1997	33,053.68	1.00	10.00%	3,305.37	29,748.31	No
3466097	1997	7/31/1997	6,843.71	1.00	10.00%	684.37	6,159.34	No
3466094	1997	7/31/1997	12,226.94	1.00	6.25%	764.18	11,462.76	No
3466094	1997	7/31/1997	337.29	1.00	6.25%	21.08	316.21	No

	Year Placed in Service	Date Acq.	Cost	Years in Service	Depr. Rate	Acc. Depr.	Net Plant	Fully Deprec.
3406091	1997	7/31/1997	25,347.95	1.00	6.67%	1,689.86	23,658.09	No
3406091	1997	7/31/1997	7,520.74	1.00	6.67%	501.38	7,019.36	No
3406091	1997	7/31/1997	20,637.80	1.00	6.67%	1,375.85	19,261.95	No
3406091	1997	7/31/1997	3,041.00	1.00	6.67%	202.73	2,838.27	No
3406091	1997	7/31/1997	854.21	1.00	6.67%	56.95	797.26	No
3044031	1997	7/31/1997	8,920.93	1.00	3.13%	278.78	8,642.15	No
3044031	1997	7/31/1997	18,713.80	1.00	3.13%	584.81	18,128.99	No
3406090	1997	7/31/1997	42,319.97	1.00	2.50%	1,058.00	41,261.97	No
3044031	1997	7/31/1997	117,894.63	1.00	3.13%	3,684.21	114,210.42	No
3044031	1997	7/31/1997	2,383.00	1.00	3.13%	74.47	2,308.53	No
3044031	1997	7/31/1997	454.00	1.00	3.13%	14.19	439.81	No
3036010	1997	7/31/1997	840.80	1.00	0.00%	-	840.80	No
3036010	1997	7/31/1997	6,853.00	1.00	0.00%	-	6,853.00	No
3036010	1997	7/31/1997	628.83	1.00	0.00%	-	628.83	No
3036010	1997	7/31/1997	1,025.44	1.00	0.00%	-	1,025.44	No
3036010	1997	7/31/1997	5,496.00	1.00	0.00%	-	5,496.00	No
3036010	1997	7/31/1997	112.00	1.00	0.00%	-	112.00	No
3917000	1997	7/31/1997	91,200.55	1.00	16.67%	15,200.09	76,000.46	No
3917000	1997	7/31/1997	23,193.71	1.00	16.67%	3,865.62	19,328.09	No
3917000	1997	7/31/1997	30,641.95	1.00	16.67%	5,106.99	25,534.96	No
3917000	1997	7/31/1997	3,289.00	1.00	16.67%	548.17	2,740.83	No
3917000	1997	7/31/1997	626.00	1.00	16.67%	104.33	521.67	No
3917000	1999	7/1/1999	23,723.00	1.00	16.67%	3,953.83	19,769.17	No
3486096	2000	12/1/2000	69,976.00	1.00	4.00%	2,799.04	67,176.96	No
3917000	2000	1/1/2000	21,601.00	1.00	16.67%	3,600.17	18,000.83	No
3917000	2000	3/1/2000	24,098.00	1.00	16.67%	4,016.33	20,081.67	No
3917000	2001	3/1/2001	32,326.00	1.00	16.67%	5,387.67	26,938.33	No
3011001	2002		36,282.69	1.00	2.50%	907.07	35,375.62	No
3044031	2002		1,346.14	1.0	3.13%	42.07	1,304.07	No
3072014	2002		2,564.66	1.0	3.33%	85.49	2,479.17	No
3113025	2002		1,677.65	1.0	5.00%	83.88	1,593.77	No
3305042	2002		1,404.00	1.0	2.70%	37.95	1,366.05	No
3315043	2002		2,185.53	1.0	2.33%	50.83	2,134.70	No
3335045	2002		3,140.44	1.0	2.50%	78.51	3,061.93	No
3345046	2002		4,413.36	1.0	5.00%	220.67	4,192.69	No
3345047	2002		957.00	1.0	5.00%	47.85	909.15	No
3406090	2002		337.36	1.0	2.50%	8.43	328.93	No
3406091	2002		1,090.57	1.0	6.67%	72.70	1,017.87	No
3446095	2002		884.16	1.0	6.67%	58.94	825.22	No
3466094	2002		18,242.95	1.0	6.25%	1,140.18	17,102.77	No
3406020	2002		3,671.16	1.0	#N/A	#N/A	#N/A	#N/A
3406120	2002		2,108.99	1.0	#N/A	#N/A	#N/A	#N/A
3917000	2002		25,878.91	1.0	16.67%	4,313.15	21,565.76	No
			<u>6,070,106.05</u>			<u>223,285.28</u>	<u>5,776,917.89</u>	

Advances in Aid of Construction

Common	1991	7/15/1991	11,611.30	18.00	3.68%	7,688.07	3,923.23	No
Common	1993	12/15/1993	1,938.50	16.00	3.68%	1,140.91	797.59	No
Common	1995	1/11/1995	5,579.76	14.00	3.68%	2,873.47	2,706.29	No
Common	1995	3/15/1995	22,218.75	14.00	3.68%	11,442.25	10,776.50	No
Common	1995	3/15/1995	7,500.00	14.00	3.68%	3,862.36	3,637.64	No
Common	1997	7/14/1997	8,730.50	12.00	3.68%	3,853.76	4,876.74	No
Common	1997	6/30/1997	23,736.03	12.00	3.68%	10,477.39	13,258.64	No
Common	1999	8/25/1999	10,148.14	10.00	3.68%	3,732.93	6,415.21	No
Common	2000	10/2/2000	1,866.20	9.00	3.68%	617.82	1,248.38	No
Common	2000	4/17/2000	11,617.18	9.00	3.68%	3,845.98	7,771.20	No
Common	2000	2/16/2000	8,134.17	9.00	3.68%	2,692.90	5,441.27	No
			<u>113,080.53</u>			<u>52,227.84</u>	<u>60,852.69</u>	

Contributions in Aid of Construction

Common	1988	7/12/1988	9,255.00	21.00	3.68%	7,149.23	2,105.77	No
Common	1990		19,145.65	19.00	3.68%	13,380.97	5,764.68	No
Common	1990		2,885.35	19.00	3.68%	2,016.58	868.77	No
Common	1992	4/12/1992	38,770.04	17.00	3.68%	24,244.26	14,525.78	No
Common	1994	6/26/1994	3,600.00	15.00	3.68%	1,986.36	1,613.64	No
Common	1997	2/27/1997	592.40	12.00	3.68%	261.49	330.91	No
Common	1998	4/20/1998	6,393.40	11.00	3.68%	2,586.95	3,806.45	No
Common	1998	4/27/1998	3,543.75	11.00	3.68%	1,433.90	2,109.85	No
Common	1999	8/31/1999	5,087.76	10.00	3.68%	1,871.50	3,216.26	No
			<u>89,273.35</u>			<u>54,931.25</u>	<u>34,342.10</u>	

**WATER SERVICE CORPORATION OF KENTUCKY**  
**Plant Restatement**  
**Through Complete Rate Case**

w/p ipj

	Year Placed in Service	Date Acq.	Utility Plant in Service	Years in Service	Depr. Rate	Acc. Depr.	Net Plant	Fully Deprec.
			Total					
<b>Plant at Acquisition</b>								
3036010	1981	1/1/1981	3,257.48	1.0	0.00%	-	3,257.48	No
3036010	1981	1/1/1981	596.00	1.0	0.00%	-	596.00	No
3036010	1981	1/1/1981	1,234.50	1.0	0.00%	-	1,234.50	No
3043021	1985	11/21/1985	13,478.20	1.0	3.13%	421.19	13,057.01	No
3044031	1985	11/21/1985	185,476.30	1.0	3.13%	5,796.13	179,680.17	No
3043021	1985	11/21/1985	2,641.38	1.0	3.13%	82.54	2,558.84	No
3044031	1985	11/21/1985	6,336.72	1.0	3.13%	198.02	6,138.70	No
3072014	1985	11/21/1985	30,123.53	1.0	3.33%	1,004.12	29,119.41	No
3113025	1985	11/21/1985	194,242.01	1.0	5.00%	9,712.10	184,529.91	No
3113025	1985	11/21/1985	25,622.80	1.0	5.00%	1,281.14	24,341.66	No
3204032	1985	11/21/1985	334,189.62	1.0	4.55%	15,190.44	318,999.18	No
3204032	1985	11/21/1985	13,680.34	1.0	4.55%	621.83	13,058.51	No
3204032	1985	11/21/1985	10,164.72	1.0	4.55%	462.03	9,702.69	No
3305042	1985	11/21/1985	312,686.93	1.0	2.70%	8,451.00	304,235.93	No
3305042	1985	11/21/1985	125,585.14	1.0	2.70%	3,394.19	122,190.95	No
3315043	1985	11/21/1985	2,264,076.47	1.0	2.33%	52,652.94	2,211,423.53	No
3315043	1985	11/21/1985	283,658.51	1.0	2.33%	6,596.71	277,061.80	No
3315043	1985	11/21/1985	40,452.80	1.0	2.33%	940.76	39,512.04	No
3335045	1985	11/21/1985	515,437.63	1.0	2.50%	12,885.94	502,551.69	No
3335045	1985	11/21/1985	78,560.82	1.0	2.50%	1,964.02	76,596.80	No
3345046	1985	11/21/1985	370,692.25	1.0	5.00%	18,534.61	352,157.64	No
3345046	1985	11/21/1985	70,195.28	1.0	5.00%	3,509.76	66,685.52	No
3345047	1985	11/21/1985	145,967.76	1.0	5.00%	7,298.39	138,669.37	No
3345047	1985	11/21/1985	19,188.32	1.0	5.00%	959.42	18,228.90	No
3355048	1985	11/21/1985	129,343.47	1.0	2.22%	2,874.30	126,469.17	No
3355048	1985	11/21/1985	21,885.34	1.0	2.22%	486.34	21,399.00	No
3466094	1997	7/31/1997	6,000.81	1.0	6.25%	375.05	5,625.76	No
3466094	1997	7/31/1997	677.84	1.0	6.25%	42.37	635.48	No
3466094	1997	7/31/1997	39,951.21	1.0	6.25%	2,496.95	37,454.26	No
3466094	1997	7/31/1997	18,022.24	1.0	6.25%	1,126.39	16,895.85	No
3446095	1997	7/31/1997	29,151.79	1.0	6.67%	1,943.45	27,208.34	No
3466094	1997	7/31/1997	34,478.84	1.0	6.25%	2,154.93	32,323.91	No
3466094	1997	7/31/1997	682.50	1.0	6.25%	42.66	639.84	No
3466097	1997	7/31/1997	33,053.68	1.0	10.00%	3,305.37	29,748.31	No
3466097	1997	7/31/1997	6,843.71	1.0	10.00%	684.37	6,159.34	No
3466094	1997	7/31/1997	12,226.94	1.0	6.25%	764.18	11,462.76	No
3466094	1997	7/31/1997	337.29	1.0	6.25%	21.08	316.21	No

Year Placed in Service	Date Acq.	Utility Plant in Service		Years in Service	Depr. Rate	Acc. Depr.	Net Plant	Fully Deprec.
		Total						
3406091	1997	7/31/1997	25,347.95	1.0	6.67%	1,689.86	23,658.09	No
3406091	1997	7/31/1997	7,520.74	1.0	6.67%	501.38	7,019.36	No
3406091	1997	7/31/1997	20,637.80	1.0	6.67%	1,375.85	19,261.95	No
3406091	1997	7/31/1997	3,041.00	1.0	6.67%	202.73	2,838.27	No
3406091	1997	7/31/1997	854.21	1.0	6.67%	56.95	797.26	No
3044031	1997	7/31/1997	8,920.93	1.0	3.13%	278.78	8,642.15	No
3044031	1997	7/31/1997	18,713.80	1.0	3.13%	584.81	18,128.99	No
3406090	1997	7/31/1997	42,319.97	1.0	2.50%	1,058.00	41,261.97	No
3044031	1997	7/31/1997	117,894.63	1.0	3.13%	3,684.21	114,210.42	No
3044031	1997	7/31/1997	2,383.00	1.0	3.13%	74.47	2,308.53	No
3044031	1997	7/31/1997	454.00	1.0	3.13%	14.19	439.81	No
3036010	1997	7/31/1997	840.80	1.0	0.00%	-	840.80	No
3036010	1997	7/31/1997	6,853.00	1.0	0.00%	-	6,853.00	No
3036010	1997	7/31/1997	628.83	1.0	0.00%	-	628.83	No
3036010	1997	7/31/1997	1,025.44	1.0	0.00%	-	1,025.44	No
3036010	1997	7/31/1997	5,496.00	1.0	0.00%	-	5,496.00	No
3036010	1997	7/31/1997	112.00	1.0	0.00%	-	112.00	No
3917000	1997	7/31/1997	91,200.55	1.0	16.67%	15,200.09	76,000.46	No
3917000	1997	7/31/1997	23,193.71	1.0	16.67%	3,865.62	19,328.09	No
3917000	1997	7/31/1997	30,641.95	1.0	16.67%	5,106.99	25,534.96	No
3917000	1997	7/31/1997	3,289.00	1.0	16.67%	548.17	2,740.83	No
3917000	1997	7/31/1997	626.00	1.0	16.67%	104.33	521.67	No
3917000	1999	7/1/1999	23,723.00	1.0	16.67%	3,953.83	19,769.17	No
3486096	2000	12/1/2000	69,976.00	1.0	4.00%	2,799.04	67,176.96	No
3917000	2000	1/1/2000	21,601.00	1.0	16.67%	3,600.17	18,000.83	No
3917000	2000	3/1/2000	24,098.00	1.0	16.67%	4,016.33	20,081.67	No
3917000	2001	3/1/2001	32,326.00	1.0	16.67%	5,387.67	26,938.33	No
3011001	2002		102,864.30	1.0	2.50%	2,571.61	100,292.69	No
3011001	2002		36,282.69	1.0	2.50%	907.07	35,375.62	No
3044031	2002		1,346.14	1.0	3.13%	42.07	1,304.07	No
3072014	2002		2,564.66	1.0	3.33%	85.49	2,479.17	No
3113025	2002		1,677.65	1.0	5.00%	83.88	1,593.77	No
3305042	2002		1,404.00	1.0	2.70%	37.95	1,366.05	No
3315043	2002		2,185.53	1.0	2.33%	50.83	2,134.70	No
3335045	2002		3,140.44	1.0	2.50%	78.51	3,061.93	No
3345046	2002		4,413.36	1.0	5.00%	220.67	4,192.69	No
3345047	2002		957.00	1.0	5.00%	47.85	909.15	No
3406090	2002		337.36	1.0	2.50%	8.43	328.93	No
3406091	2002		1,090.57	1.0	6.67%	72.70	1,017.87	No
3446095	2002		884.16	1.0	6.67%	58.94	825.22	No
3466094	2002		18,242.95	1.0	6.25%	1,140.18	17,102.77	No
3406020	2002		3,671.16	1.0	16.67%	611.86	3,059.30	No
3406120	2002		2,108.99	1.0	16.67%	351.50	1,757.49	No
3917000	2002		25,878.91	1.0	16.67%	4,313.15	21,565.76	No
		Subtotal	6,172,970.35			233,060.90	5,939,909.45	

2003 Plant Additions:

3043021	2003		13,462.48	1.0	3.13%	420.70	13,041.78	No
3044031	2003		1,618.50	1.0	3.13%	50.58	1,567.92	No
3072014	2003		5,470.00	1.0	3.33%	182.33	5,287.67	No
3113025	2003		32,835.42	1.0	5.00%	1,641.77	31,193.65	No
3204032	2003		17,543.28	1.0	4.55%	797.42	16,745.86	No
3305042	2003		16,661.01	1.0	2.70%	450.30	16,210.71	No
3315043	2003		41,952.37	1.0	2.33%	975.64	40,976.73	No
3335045	2003		26,709.77	1.0	2.50%	667.74	26,042.03	No
3345046	2003		4,795.80	1.0	5.00%	239.79	4,556.01	No
3345047	2003		9,455.75	1.0	5.00%	472.79	8,982.96	No
3355048	2003		6,200.92	1.0	2.22%	137.80	6,063.12	No
3406090	2003		17,592.84	1.0	2.50%	439.82	17,153.02	No
3406091	2003		2,191.35	1.0	6.67%	146.09	2,045.26	No

	Year Placed in Service	Date Acq.	Utility Plant in Service		Years in Service	Depr. Rate	Acc. Depr.	Net Plant	Fully Deprec.
			Total						
3466094	2003		10,737.46		1.0	6.25%	671.09	10,066.37	No
3466097	2003		3,348.00		1.0	10.00%	334.80	3,013.20	No
3406020	2003		3,592.20		1.0	16.67%	598.70	2,993.50	No
3917000	2003		66,712.73		1.0	16.67%	11,118.79	55,593.94	No
3011001	2003		22,898.39		1.0	2.50%	572.46	22,325.93	No
		Subtotal	303,778.27				19,918.61	283,859.66	
<b>2004 Plant Additions:</b>									
3042011	2004		1,000.00		1.0	3.13%	31.25	968.75	No
3043021	2004		797.48		1.0	3.13%	24.92	772.56	No
3044031	2004		256.20		1.0	3.13%	8.01	248.19	No
3072014	2004		2,509.50		1.0	3.33%	83.65	2,425.85	No
3113025	2004		126,329.50		1.0	5.00%	6,316.48	120,013.03	No
3204032	2004		122,260.43		1.0	4.55%	5,557.29	116,703.14	No
3305042	2004		9,867.00		1.0	2.70%	266.68	9,600.32	No
3315043	2004		37,080.26		1.0	2.33%	862.33	36,217.93	No
3335045	2004		17,986.54		1.0	2.50%	449.66	17,536.88	No
3345046	2004		13,804.14		1.0	5.00%	690.21	13,113.93	No
3345047	2004		18,268.50		1.0	5.00%	913.43	17,355.08	No
3355048	2004		100,639.60		1.0	2.22%	2,236.44	98,403.16	No
3406120	2004		619.92		1.0	16.67%	103.32	516.60	No
3466094	2004		6,180.58		1.0	6.25%	386.29	5,794.29	No
3406020	2004		2,282.04		1.0	16.67%	380.34	1,901.70	No
3917000	2004		55,831.70		1.0	16.67%	9,305.28	46,526.42	No
3011001	2004		1,945.82		1.0	2.50%	48.65	1,897.17	No
		Subtotal	517,659.21				27,664.21	489,995.00	
<b>2005 Plant Additions:</b>									
3011001	2005		402.90		1.0	2.50%	10.07	392.83	No
3043021	2005		14,151.35		1.0	3.13%	442.94	13,708.41	No
3072014	2005		30.25		1.0	3.33%	1.01	29.24	No
3113025	2005		146,349.06		1.0	5.00%	7,317.45	139,031.61	No
3204032	2005		58,391.27		1.0	4.55%	2,656.80	55,734.47	No
3305042	2005		52,016.79		1.0	2.70%	1,404.45	50,612.34	No
3315043	2005		230,428.70		1.0	2.33%	5,368.99	225,059.71	No
3335045	2005		10,378.57		1.0	2.50%	259.46	10,119.11	No
3345046	2005		82,128.19		1.0	5.00%	4,106.41	78,021.78	No
3345047	2005		14,584.75		1.0	5.00%	729.24	13,855.51	No
3355048	2005		2,056.24		1.0	2.22%	45.65	2,010.59	No
3406090	2005		6,755.13		1.0	2.50%	168.88	6,586.25	No
3406091	2005		318.00		1.0	6.67%	21.21	296.79	No
3446095	2005		13,015.49		1.0	6.67%	868.13	12,147.36	No
3466094	2005		78,619.35		1.0	6.25%	4,913.71	73,705.64	No
3466097	2005		475.89		1.0	10.00%	47.59	428.30	No
3406020	2005		4,032.10		1.0	16.67%	672.15	3,359.95	No
3406120	2005		125.82		1.0	16.67%	20.97	104.85	No
3917000	2005		19,892.64		1.0	16.67%	3,316.10	16,576.54	No
		Subtotal	734,152.49				32,371.22	701,781.27	
<b>2006 Plant Additions:</b>									
3043021	2006		42,498.97		1.0	3.13%	1,330.22	41,168.75	No
3072014	2006		427,834.66		1.0	3.33%	14,246.89	413,587.77	No
3113025	2006		10,888.10		1.0	5.00%	544.41	10,343.70	No
3204032	2006		6,848.15		1.0	4.55%	311.59	6,536.56	No
3305042	2006		1,730.85		1.0	2.70%	46.73	1,684.12	No
3315043	2006		(129,454.48)		1.0	2.33%	(129,454.48)	-	No
3335045	2006		9,944.00		1.0	2.50%	248.60	9,695.40	No
3345046	2006		57,813.49		1.0	5.00%	2,890.67	54,922.82	No

Year Placed in Service	Date Acq.	Utility Plant in Service		Years in Service	Depr. Rate	Acc. Depr.	Net Plant	Fully Deprec.
		Total						
3345047	2006		5,546.50	1.0	5.00%	277.33	5,269.18	No
3355048	2006		29,571.04	1.0	2.22%	656.48	28,914.56	No
3406090	2006		2,264.29	1.0	2.50%	56.61	2,207.68	No
3406091	2006		1,494.59	1.0	6.67%	99.69	1,394.90	No
3466094	2006		6,320.01	1.0	6.25%	395.00	5,925.01	No
3466097	2006		434.58	1.0	10.00%	43.46	391.12	No
3406020	2006		1,729.54	1.0	16.67%	288.31	1,441.23	No
3406120	2006		382.75	1.0	16.67%	63.80	318.95	No
3917000	2006		15,605.90	1.0	16.67%	2,601.50	13,004.40	No
	Subtotal		491,452.94			(105,353.19)	596,806.13	

**2007 Plant Additions:**

3036010	2007		1,862.00	1	0.00%	-	1,862.00	No
3042011	2007		(1,000.00)	1	3.13%	(1,000.00)	-	No
3043021	2007		15,707.36	1	3.13%	491.64	15,215.72	No
3044031	2007		50,711.56	1	3.13%	1,587.27	49,124.29	No
3113025	2007		4,591.51	1	5.00%	229.58	4,361.93	No
3204032	2007		2,922.53	1	4.55%	132.98	2,789.55	No
3305042	2007		1,019.40	1	2.70%	27.52	991.88	No
3315043	2007		18,815.18	1	2.33%	438.39	18,376.79	No
3335045	2007		2,630.10	1	2.50%	65.75	2,564.35	No
3345046	2007		6,160.45	1	5.00%	308.02	5,852.43	No
3345047	2007		9,668.66	1	5.00%	483.43	9,185.23	No
3355048	2007		463.00	1	2.22%	10.28	452.72	No
3406090	2007		55,191.00	1	2.50%	1,379.78	53,811.23	No
3406091	2007		25,926.77	1	6.67%	1,729.32	24,197.45	No
3446095	2007		275.60	1	6.67%	18.38	257.22	No
3466094	2007		22,831.67	1	6.25%	1,426.98	21,404.69	No
3466097	2007		7,063.00	1	10.00%	706.30	6,356.70	No
3602006	2007		232.39	1	-	-	232.39	No
3612008	2007		102.57	1	-	-	102.57	No
3406010	2007		20,445.00	1	0.00%	-	20,445.00	No
3406020	2007		69,819.61	1	16.67%	11,638.93	58,180.68	No
3406110	2007		30,299.00	1	16.67%	5,050.84	25,248.16	No
3406120	2007		18,062.00	1	0.00%	-	18,062.00	No
3917000	2007		32,536.51	1	16.67%	5,423.84	27,112.67	No
	Subtotal		396,336.87			30,149.23	366,187.64	

**2008 Plant Additions:**

3406010	2008		(4,472.94)	1	0.00%	(4,472.94)	-	No
3406020	2008		(8,769.18)	1	16.67%	(8,769.18)	-	No
3406110	2008		376,617.30	1	0.00%	-	376,617.30	No
3406120	2008		(2,417.14)	1	16.67%	(2,417.14)	-	No
3917000	2008		10,798.42	1	16.67%	1,800.10	8,998.32	No
3036010	2008		794.11	1	0.00%	-	794.11	No
3044031	2008		57,312.84	1	3.13%	1,793.89	55,518.95	No
3044031	2008		129,836.12	1	3.13%	4,063.87	125,772.25	No
3113025	2008		50,825.91	1	5.00%	2,541.30	48,284.61	No
3113025	2008		4,600.00	1	5.00%	230.00	4,370.00	No
3315043	2008		110,585.45	1	2.33%	2,576.64	108,008.81	No
3335045	2008		734.02	1	2.50%	18.35	715.67	No
3345046	2008		26,406.76	1	5.00%	1,320.34	25,086.42	No
3345047	2008		88,610.84	1	5.00%	4,430.54	84,180.30	No
3355048	2008		84,376.42	1	2.22%	1,873.16	82,503.26	No
3406090	2008		23,523.67	1	2.50%	588.09	22,935.58	No
3406091	2008		10,855.15	1	6.67%	724.04	10,131.11	No
3466094	2008		586.75	1	6.25%	36.67	550.08	No



	Year Placed in Service	Date Acq.	Utility Plant in Service		Years in Service	Depr. Rate	Acc. Depr.	Net Plant	Fully Deprec.
			Total						
3466093	2008		3,012.27		1		-	3,012.27	No
3804004	2008		232.80		1		-	232.80	No
		Subtotal	964,049.57				6,337.72	957,711.85	
		Total	9,580,399.70				244,148.71	9,336,250.99	

Advances in Aid of Construction

Common	1991	7/15/1991	11,611.30	18.0	#N/A	#N/A	#N/A	#N/A	#N/A
Common	1993	12/15/1993	1,938.50	16.0	#N/A	#N/A	#N/A	#N/A	#N/A
Common	1995	1/11/1995	5,579.76	14.0	#N/A	#N/A	#N/A	#N/A	#N/A
Common	1995	3/15/1995	22,218.75	14.0	#N/A	#N/A	#N/A	#N/A	#N/A
Common	1995	3/15/1995	7,500.00	14.0	#N/A	#N/A	#N/A	#N/A	#N/A
Common	1997	7/14/1997	8,730.50	12.0	#N/A	#N/A	#N/A	#N/A	#N/A
Common	1997	6/30/1997	23,736.03	12.0	#N/A	#N/A	#N/A	#N/A	#N/A
Common	1999	8/25/1999	10,148.14	10.0	#N/A	#N/A	#N/A	#N/A	#N/A
Common	2000	10/2/2000	1,866.20	9.0	#N/A	#N/A	#N/A	#N/A	#N/A
Common	2000	4/17/2000	11,617.18	9.0	#N/A	#N/A	#N/A	#N/A	#N/A
Common	2000	2/16/2000	8,134.17	9.0	#N/A	#N/A	#N/A	#N/A	#N/A
		Subtotal	113,080.53				#N/A	#N/A	
		Total	113,080.53				#N/A	#N/A	

Contributions in Aid of Construction

Common	1988	7/12/1988	9,255.00	21.0	#N/A	#N/A	#N/A	#N/A	#N/A
Common	1990		19,145.65	19.0	#N/A	#N/A	#N/A	#N/A	#N/A
Common	1990		2,885.35	19.0	#N/A	#N/A	#N/A	#N/A	#N/A
Common	1992	4/12/1992	38,770.04	17.0	#N/A	#N/A	#N/A	#N/A	#N/A
Common	1994	6/26/1994	3,600.00	15.0	#N/A	#N/A	#N/A	#N/A	#N/A
Common	1997	2/27/1997	592.40	12.0	#N/A	#N/A	#N/A	#N/A	#N/A
Common	1998	4/20/1998	6,393.40	11.0	#N/A	#N/A	#N/A	#N/A	#N/A
Common	1998	4/27/1998	3,543.75	11.0	#N/A	#N/A	#N/A	#N/A	#N/A
Common	1999	8/31/1999	5,087.76	10.0	#N/A	#N/A	#N/A	#N/A	#N/A
		Subtotal	89,273.35				#N/A	#N/A	

Contributions in Aid of Construction 2003 Addition

Common	2003		(8,249.36)	6.0	#N/A	#N/A	#N/A	#N/A	#N/A
Common	2003		221.00	6.0	#N/A	#N/A	#N/A	#N/A	#N/A
		Subtotal	(8,028.36)				#N/A	#N/A	

Contributions in Aid of Construction 2007 Addition

Common	2007		(6,646.02)	2.0	#N/A	#N/A	#N/A	#N/A	#N/A
		Subtotal	(6,646.02)				#N/A	#N/A	
		Total	74,598.97				#N/A	#N/A	

**WATER SERVICE CORPORATION OF KENTUCKY  
CASE NO. 2008-00563  
CLASS OF ASSET DEPRECIATION RATES**

<u>Account Number</u>	<u>Account Name</u>	<u>Rate</u>	<u>Term</u>
3011001	Organization	2.50%	40
3036010	Land & Land Rights	0.00%	0
3042011	Structures & Improvements (Source of Supply)	3.13%	32
3043021	Structures & Improvements (Pump Plant)	3.13%	32
3044031	Structures & Improvements (Water Treatment Plant)	3.13%	32
3072014	Wells & Springs	3.33%	30
3113025	Electric Pump Equipment	5.00%	20
3204032	Water Treatment Equipment	4.55%	22
3305042	Distribution Reservoirs & Standpipes	2.70%	37
3315043	Transmission & Distribution Mains	2.33%	43
3335045	Service Lines	2.50%	40
3345046	Meters	5.00%	20
3345047	Meter Installations	5.00%	20
3355048	Hydrants	2.22%	45
3406020	Mini Computers	16.67%	6
3406090	Office Structures & Improvements	2.50%	40
3406091	Office Furniture & Equipment	6.67%	15
3406120	Micro System	16.67%	6
3446095	Laboratory Equipment	6.67%	15
3466094	Tools, Shop, & Miscellaneous Equipment	6.25%	16
3466097	Communication Equipment	10.00%	10
3486096	Undistributed Water Plant	4.00%	25
3917000	Transportation Equipment	16.67%	6
Common	CIAC, AIAC	3.76%	27

**WATER SERVICE CORPORATION OF KENTUCKY**  
**6/30/08 TEST YEAR - 2009 RATE CASE**  
**CLASSIFICATION OF ACQUISITION ASSETS**

<u>Account</u>	<u>Description</u>	<u>Journal Entry</u>	<u>Fixed Asset List</u>
0170*3466094	Tools, Shop, & Miscellaneous Equipment	92,657.80	92,657.80
0170*3466097	Communication Equipment	33,053.68	33,053.68
0170*3446095	Laboratory Equipment	29,151.79	29,151.79
0162*3466094	Tools, Shop, & Miscellaneous Equipment	19,719.87	19,719.87
0162*3466097	Communication Equipment	6,843.71	6,843.71
0170*3406091	Office Furniture & Equipment	49,026.75	49,026.75
0162*3406091	Office Furniture & Equipment	8,374.95	8,374.95
0170*3036010	Land & Land Rights	5,928.78	5,928.78
0162*3036010	Land & Land Rights	14,115.27	14,115.27
0170*3043021	Structures & Improvements (Pump Plant)	13,478.20	13,478.20
0170*3044031	Structures & Improvements (Water Treatment Plant)	185,476.30	185,476.30
0170*3113025	Electric Pumping Equipment	194,242.01	194,242.01
0170*3204032	Water Treatment Equipment	334,189.62	334,189.82
0170*3204032	Water Treatment Equipment	10,164.72	10,164.72
0170*3305042	Distribution Reservoirs & Standpipes	312,686.93	312,686.93
0170*3315043	Transmission & Distribution Mains	2,304,529.27	2,304,529.27
0170*3335045	Service Lines	515,437.63	515,437.63
0170*3345046	Meters	370,692.25	370,692.25
0170*3345047	Meter Installations	145,967.76	145,967.76
0170*3355048	Hydrants	129,343.47	129,343.47
0170*3044031	Structures & Improvements (Water Treatment Plant)	129,198.56	129,198.56
0170*3486096	Undistributed Water Plant	69,976.00	69,976.00
0162*3043021	Structures & Improvements (Pump Plant)	2,641.38	2,641.38
0162*3044031	Structures & Improvements (Water Treatment Plant)	6,336.72	6,336.72
0162*3072014	Wells & Springs	30,123.53	30,123.53
0162*3113025	Electric Pumping Equipment	25,622.80	25,622.80
0162*3204032	Water Treatment Equipment	13,680.34	13,680.34
0162*3305042	Distribution Reservoirs & Standpipes	125,585.14	125,585.14
0162*3315043	Transmission & Distribution Mains	283,658.51	283,658.51
0162*3335045	Service Lines	78,560.82	78,560.82
0162*3345046	Meters	70,195.28	70,195.28
0162*3345047	Meter Installations	19,188.32	19,188.32
0162*3355048	Hydrants	21,885.34	21,885.34
0162*3044031	Structures & Improvements (Water Treatment Plant)	19,167.80	19,167.80
0162*3406090	Office Structures & Improvements	42,319.97	42,319.97
0170*3917000	Transportation Equipment	181,180.50	181,180.50
0162*3917000	Transportation Equipment	69,518.71	69,518.71



Case No. 2008-00563

Exhibit

14

Water Service Corporation of Kentucky uses Microsoft Office as its software for preparing the rate case.



Case No. 2008-00563  
Exhibit 15





Description	Combined AA & UA												Total
	July	August	September	October	November	December	January	February	March	April	May	June	
5390 3RD PARTY BILLI	-	-	-	-	-	-	-	-	-	-	-	-	-
5395 3RD PARTY BILLI	-	-	-	-	-	-	-	-	-	-	-	-	-
5385 3RD PARTY BILLIN	-	-	-	-	-	-	-	-	-	-	-	-	-
5400 REV FROM MGMT SE	-	-	-	-	-	-	-	-	-	-	-	-	-
5405 REV FROM MGMT S	-	-	-	-	-	-	-	35,364	8,465	(8,465)	31,075	9,252	8,465
5400 REV FROM MGMT SE	-	-	-	-	-	-	-	35,364	8,465	(8,465)	31,075	9,252	8,465
5290 NON-REGULATED REV	-	-	-	-	-	-	-	35,364	8,465	(8,465)	31,075	9,252	8,465
5005 OPERATING REVENUES	150,105	140,147	173,113	114,978	148,982	157,671	162,801	120,660	129,107	138,190	158,948	174,403	1,769,104
5000 TOTAL REVENUE	150,105	140,147	173,113	114,978	148,982	157,671	162,801	120,660	129,107	138,190	158,948	174,403	1,769,104
5410 TOTAL OPERATING EXP	-	-	-	-	-	-	-	-	-	-	-	-	-
5415 OPERATING EXPENSES	-	-	-	-	-	-	-	-	-	-	-	-	-
5420 OPERATING EXPENSE	-	-	-	-	-	-	-	-	-	-	-	-	-
5425 PURCHASED WATER	-	-	-	-	-	-	-	-	-	-	-	-	-
5430 PURCHASED WATER	-	-	-	-	-	-	-	-	-	-	-	-	-
5435 PURCHASED WATER	(300)	(14,400)	(6,812)	(7,800)	(14,000)	(200)	(500)	(13,700)	(7,300)	(6,900)	(7,100)	(7,100)	(86,112)
5440 PURCHASED WATER	-	-	-	-	-	-	-	-	-	-	-	-	-
5445 PURCHASED WATER	-	-	-	-	-	-	-	-	-	-	-	-	-
5425 PURCHASED WATER	(300)	(14,400)	(6,812)	(7,800)	(14,000)	(200)	(500)	(13,700)	(7,300)	(6,900)	(7,100)	(7,100)	(86,112)
5450 PURCHASED SEWER	-	-	-	-	-	-	-	-	-	-	-	-	-
5455 PURCHASED SEWER	-	-	-	-	-	-	-	-	-	-	-	-	-
5460 PURCHASED SEWER	-	-	-	-	-	-	-	-	-	-	-	-	-
5450 PURCHASED SEWER	-	-	-	-	-	-	-	-	-	-	-	-	-
5465 ELEC PWR - WATER	-	-	-	-	-	-	-	-	-	-	-	-	-
5465 10 ELEC PWR - W	(5,162)	(4,569)	(4,133)	(4,934)	(5,735)	(10,686)	(8,584)	(622)	(6,855)	(1,917)	(5,488)	(10,544)	(69,228)
5465 11 ELEC PWR - W	-	-	-	-	-	-	-	-	-	-	-	-	-
5465 12 ELEC PWR - W	-	-	-	-	-	-	-	-	-	-	-	-	-
5465 13 ELEC PWR - W	(24)	(24)	(25)	-	-	-	-	-	-	-	-	-	(74)
5465 ELEC PWR - WATER	(5,186)	(4,593)	(4,158)	(4,934)	(5,735)	(10,686)	(8,584)	(622)	(6,855)	(1,917)	(5,488)	(10,544)	(69,302)
5470 ELEC PWR - SWR S	-	-	-	-	-	-	-	-	-	-	-	-	-
5470 10 ELEC PWR - S	-	-	-	-	-	(131)	(261)	(614)	(543)	(389)	(73)	(500)	(2,511)
5470 11 ELEC PWR - S	-	-	-	-	-	-	-	-	-	-	-	-	-
5470 12 ELEC PWR - S	-	-	-	-	-	-	-	-	-	-	-	-	-
5470 13 ELEC PWR - S	-	-	-	(25)	(37)	-	-	-	-	-	-	-	(62)
5470 14 ELEC PWR - S	-	-	-	-	-	-	-	-	-	-	-	-	-
5470 15 ELEC PWR - S	-	-	-	-	-	-	-	-	-	-	-	-	-
5470 ELEC PWR - SWR S	-	-	-	(25)	(37)	(131)	(261)	(614)	(543)	(389)	(73)	(500)	(2,573)
5471 ELEC PWR - OTHER	-	-	-	-	-	-	-	-	-	-	-	-	-
5475 CHEMICALS	-	-	-	-	-	-	-	-	-	-	-	-	-
5480 CHLORINE	(2,549)	(3,110)	(4,074)	(3,634)	(3,681)	(350)	(3,155)	(3,295)	(5,675)	(1,394)	(3,193)	(4,143)	(38,255)
5485 ODOR CONTROL CH	-	-	-	-	-	-	-	-	-	-	-	-	-
5490 OTHER TREATMENT	(13,369)	(5,888)	(4,303)	(13,029)	(6,934)	(1,117)	(3,762)	(1,584)	(15,015)	(2,318)	(3,860)	(7,635)	(78,814)
5475 CHEMICALS	(15,918)	(8,999)	(8,378)	(16,663)	(10,616)	(1,467)	(6,917)	(4,879)	(20,690)	(3,713)	(7,053)	(11,778)	(117,069)
5495 METER READING	-	-	-	(800)	-	(1,250)	(400)	-	-	(800)	(950)	-	(4,200)
5500 BAD DEBT EXPENSE	-	-	-	-	-	-	-	-	-	-	-	-	-
5505 AGENCY EXPENSE	-	-	(90)	-	(27)	-	-	-	(16)	(10)	(62)	(154)	(360)
5510 UNCOLLECTIBLE A	(512)	(879)	(1,488)	(484)	(442)	(3,021)	(706)	(2,713)	(1,111)	(4,857)	(1,581)	(1)	(17,795)
5515 UNCOLL ACCOUNTS	-	-	-	-	-	-	-	-	-	-	-	-	-
5500 BAD DEBT EXPENSE	(512)	(879)	(1,578)	(484)	(442)	(3,048)	(706)	(2,713)	(1,128)	(4,867)	(1,644)	(155)	(18,156)
5520 BILLING & CUSTOM	-	-	-	-	-	-	-	-	-	-	-	-	-
5525 BILL STOCK	-	-	(276)	-	-	(474)	-	-	(376)	(39)	(72)	(21)	(1,259)
5530 BILLING COMPUTE	-	-	(335)	-	-	(8)	-	-	(91)	(16)	-	-	(450)
5535 BILLING ENVELOP	-	-	(820)	-	-	(608)	-	-	(590)	(254)	(798)	(272)	(3,342)
5540 BILLING POSTAGE	(3,840)	(1,947)	(4,090)	(1,836)	(1,947)	(4,518)	-	(292)	(6,719)	(3,031)	(1,482)	(2,273)	(31,975)
5545 CUSTOMER SERVIC	-	-	(6)	-	(80)	(37)	-	-	(21)	(106)	(1,580)	(534)	(2,364)
5520 BILLING & CUSTOM	(3,840)	(1,947)	(5,527)	(1,836)	(2,027)	(5,645)	-	(292)	(7,798)	(3,447)	(3,932)	(3,100)	(39,391)
5620 EMPLOYEE PENSION	-	-	-	-	-	-	-	-	-	-	-	-	-
5625 401K/ESOP CONTR	-	-	(4,580)	-	-	(736)	-	-	(4,629)	(1,539)	(1,539)	(1,560)	(14,582)
5630 DENTAL PREMIUMS	-	-	(16)	-	-	(167)	-	-	(243)	(78)	(76)	(75)	(656)
5635 DENTAL INS REIM	-	-	(117)	-	-	(1,106)	-	-	(2,113)	(738)	(488)	(537)	(5,100)
5640 EMP PENSIONS &	-	-	-	-	-	(3)	-	-	-	-	-	-	(3)
5645 EMPLOYEE INS DE	-	-	395	-	-	3,823	-	-	5,969	3,286	1,223	2,539	17,235
5650 HEALTH COSTS &	-	-	(36)	-	-	(1,395)	-	-	(340)	(132)	(81)	(56)	(2,040)
5655 HEALTH INS REIM	-	-	(26,032)	-	-	(910)	-	-	(28,063)	(8,616)	(10,679)	(8,492)	(82,791)
5660 OTHER EMP PENS	-	-	(1,562)	-	-	(1,458)	-	-	(4,821)	(1,117)	(909)	(123)	(9,991)
5665 PENSION CONTRIB	-	-	(3,448)	-	-	(555)	-	-	(3,172)	(1,055)	(1,055)	(1,069)	(10,353)
5670 TERM LIFE INS	-	-	(49)	-	-	(538)	-	-	(1,055)	(22)	(391)	(390)	(2,445)
5675 TERM LIFE INS-O	-	-	-	-	-	(12)	-	-	(15)	3	44	(12)	8
5680 DEPEND LIFE INS	-	-	-	-	-	(1)	-	-	20	12	6	9	47
5685 SUPPLEMENTAL LI	-	-	-	-	-	-	-	-	-	-	-	-	-
5690 TUITION	-	-	(66)	-	-	(188)	-	-	(75)	(63)	-	(275)	(666)
5620 EMPLOYEE PENSION	-	-	(35,511)	-	-	(3,246)	-	-	(38,537)	(10,058)	(13,945)	(10,040)	(111,337)
5695 INSURANCE EXPENS	-	-	-	-	-	-	-	-	-	-	-	-	-
5700 INSURANCE-VEHIC	-	-	-	-	-	-	-	-	-	-	-	-	-
5705 INSURANCE-GEN L	-	-	-	-	-	-	-	-	-	-	-	-	-
5710 INSURANCE-WORKE	-	-	-	-	-	-	-	-	-	-	-	-	-
5715 INSURANCE-OTHER	-	-	(4,589)	-	-	(16,645)	-	-	(18,507)	(4,502)	(5,066)	(6,848)	(56,158)
5695 INSURANCE EXPENS	-	-	(4,589)	-	-	(16,645)	-	-	(18,507)	(4,502)	(5,066)	(6,848)	(56,158)
5730 IT DEPARTMENT	-	-	-	-	-	-	-	-	-	-	-	-	-
5735 COMPUTER MAINTN	-	-	(10,678)	-	-	(7,996)	-	-	(7,816)	(445)	(2,273)	(874)	(30,081)
5740 COMPUTER SUPPLI	-	-	(359)	-	-	(150)	-	-	(645)	(461)	(508)	(678)	(2,801)
5745 COMPUTER AMORT	31	(31)	302	(313)	501	(3,874)	-	-	1,118	(332)	(336)	(373)	(3,306)
5750 INTERNET SUPPLI	-	-	(133)	-	-	(247)	-	-	(160)	(40)	(91)	(70)	(740)
5755 MICROFILMING	-	-	(56)	-	-	(44)	-	-	(69)	-	-	(2)	(171)
5760 WEBSITE DEVELOP	-	-	(45)	-	-	(10)	-	-	(64)	-	-	-	(119)
5730 IT DEPARTMENT	31	(31)	(10,969)	(313)	501	(12,321)	-	-	(7,635)	(1,277)	(3,207)	(1,997)	(37,218)
5780 MISCELLANEOUS EX	-	-	-	-	-	-	-	-	-	-	-	-	-
5785 ADVERTISING/MAR	-	-	-	-	-	-	-	-	-	-	-	-	-
5790 BANK SERVICE CH	(1)	39	(645)	-	-	(1,259)	(1)	(3)	(4,266)	(57)	(348)	(55)	(6,595)
5795 CONTRIBUTIONS	-	-	-	-	-	-	-	-	-	-	-	-	-
5800 LETTER OF CREDI	-	-	-	-	-	-	-	-	(246)	-	-	-	(246)
5805 LICENSE FEES	-	-	-	-	-	-	(722)	(35)	-	(406)	-	-	(1,163)
5810 MEMBERSHIPS	(660)	-	(31)	-	(650)	(138)	(20)	(40)	(424)	(5)	(0)	(2,198)	(4,166)
5815 PENALTIES/FINES	-	-	-	(5)	-	-	-	-	-	-	(34)	34	(5)
5820 TRAINING EXPENS	(30)	-	(1,483)	(700)	(60)	(190)	(35)	(90)	(1,483)	(301)	(55)	(39)	(4,465)
5825 OTHER MISC EXPE	-	-	(1,475)	(69)	-	(81)	(0)	-	(285)	(526)	(58)	(526)	(3,020)









Description	Combined AA & UA												Total
	July	August	September	October	November	December	January	February	March	April	May	June	
7720 17 L/T INT EXP	-	-	-	-	-	-	-	-	-	-	-	-	-
7720 18 L/T INT EXP	-	-	-	-	-	-	-	-	-	-	-	-	-
7720 19 L/T INT EXP	-	-	-	-	-	-	-	-	-	-	-	-	-
7720 20 L/T INT EXP	-	-	-	-	-	-	-	-	-	-	-	-	-
7720 21 L/T INT EXP	-	-	-	-	-	-	-	-	-	-	-	-	-
7720 22 L/T INT EXP	-	-	-	-	-	-	-	-	-	-	-	-	-
7720 23 L/T INT EXP	-	-	-	-	-	-	-	-	-	-	-	-	-
7720 24 L/T INT EXP	-	-	-	-	-	-	-	-	-	-	-	-	-
7720 25 L/T INT EXP	-	-	-	-	-	-	-	-	-	-	-	-	-
7720 26 L/T INT EXP	-	-	-	-	-	-	-	-	-	-	-	-	-
7720 27 L/T INT EXP	-	-	-	-	-	-	-	-	-	-	-	-	-
7720 28 L/T INT EXP	-	-	-	-	-	-	-	-	-	-	-	-	-
7715 LONG TERM INTERE	-	-	-	-	-	-	-	-	-	-	-	-	-
7725 LOSS ON DEBT REF	-	-	-	-	-	-	-	-	-	-	-	-	-
7730 SHORT TERM INTER	-	-	-	-	-	-	-	-	-	-	-	-	-
7735 10 S/T INT EXP	-	-	-	-	-	-	-	-	-	-	-	-	-
7735 11 S/T INT EXP	(609)	(608)	(608)	(610)	-	(1,211)	(598)	(604)	(607)	(608)	(610)	(517)	(7,190)
7735 12 S/T INT EXP	-	-	176	(2)	-	-	-	-	(980)	49	49	50	(659)
7735 13 S/T INT EXP	-	-	-	-	-	107	-	-	-	-	-	-	107
7735 14 S/T INT EXP	-	-	-	-	-	-	-	-	-	-	-	-	-
7735 15 S/T INT EXP	-	-	-	-	-	-	-	-	-	-	-	-	-
7735 16 S/T INT EXP	-	-	-	-	-	-	-	-	-	-	-	-	-
7735 17 S/T INT EXP	-	-	-	-	-	-	-	-	-	-	-	-	-
7735 18 S/T INT EXP	-	-	-	-	-	-	-	-	-	-	-	-	-
7735 19 S/T INT EXP	-	-	-	-	-	-	-	-	-	-	-	-	-
7730 SHORT TERM INTER	(609)	(608)	(432)	(612)	-	(1,104)	(598)	(604)	(1,587)	(560)	(561)	(467)	(7,742)
7700 INTEREST EXPENSE	(609)	(608)	(48,552)	(612)	-	(49,280)	(598)	(604)	(85,333)	(560)	(561)	(84,247)	(271,564)
7745 ALLOW FUNDS USED	-	-	-	-	-	-	-	-	-	-	-	-	-
7750 INTEREST DURING	1,002	1,438	7,425	1,439	2,464	(4,624)	7	8	2,514	1,095	1,127	1,332	15,229
7745 ALLOW FUNDS USED	1,002	1,438	7,425	1,439	2,464	(4,624)	7	8	2,514	1,095	1,127	1,332	15,229
7760 GAIN/LOSS ON DISP	-	-	-	-	-	-	-	-	-	-	-	-	-
7765 SALE OF UTILITY	-	-	-	-	-	-	-	-	-	-	-	-	-
7770 TAX EFFECT OF CA	-	-	-	-	-	-	-	-	-	-	-	-	-
7775 CURRENT TAX-FIT	-	-	-	-	-	-	-	-	-	-	-	-	-
7780 DEFERRED TAX-FI	-	-	-	-	-	-	-	-	-	-	-	-	-
7785 CURRENT TAX-SIT	-	-	-	-	-	-	-	-	-	-	-	-	-
7790 DEFERRED TAX-SI	-	-	-	-	-	-	-	-	-	-	-	-	-
7795 TAX EFFECT OF C	-	-	-	-	-	-	-	-	-	-	-	-	-
7770 TAX EFFECT OF CA	-	-	-	-	-	-	-	-	-	-	-	-	-
7760 GAIN/LOSS ON DISP	-	-	-	-	-	-	-	-	-	-	-	-	-
7695 OTHER EXPENSE	393	830	(41,127)	827	2,464	(53,904)	(592)	(595)	(82,819)	536	566	(82,914)	(256,334)
7620 TOTAL OTHER INCOME	9,899	4,604	(33,559)	8,879	11,395	(44,938)	(592)	(595)	(82,819)	536	566	(82,914)	(209,539)
	29,293	(5,692)	(9,800)	(25,527)	29,983	30,099	48,124	6,842	(255,602)	(23,553)	24,275	(69,966)	(221,524)





**CASE NO.2008-00563**

**EXHIBIT 16**

**PORTIONS CONFIDENTIAL**

# Allocation of 6/30/08 Rate Base

CONFIDENTIAL

# Distribution of 3/31/08 and 6/30/08 Expenses

CONFIDENTIAL

WATER SERVICE CORPORATION  
Distribution of Expenses

3<sup>rd</sup> Quarter Ended September 30, 2007

**CONFIDENTIAL**

# **WATER SERVICE CORPORATION**

## **Distribution of Expenses**

**4th Quarter Ended December 31, 2007**

**CONFIDENTIAL**

## AGREEMENT

Agreement dated December 19, 2007 between Water Service Corp., a Delaware corporation (hereinafter called the "**Service Company**") and Water Service Corporation of Kentucky (hereinafter called the "**Operating Company**");

WHEREAS, both the Service Company and the Operating Company are subsidiaries of or affiliated with Utilities, Inc., an Illinois corporation (hereinafter called the "**Parent**"); and

WHEREAS, the Service Company maintains an organization which includes among its officers and employees, persons who are familiar with the development, business and property of the Operating Company and are experienced in the conduct, management, financing, construction, accounting and operation of water and sewer properties and are qualified to be of great aid and assistance to the Operating Company through the services to be performed under this Agreement; and

WHEREAS, the Service Company has or proposes to enter into agreements similar to this Agreement with certain affiliated water and/or sewer companies (hereinafter referred to collectively as the "**Operating Companies**"); and

WHEREAS, the services to be rendered under this Agreement are to be rendered at cost and without profit to the Service Company;

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, the parties hereto agree as follows:

The Service Company will furnish to the Operating Company, upon the terms and conditions hereinafter set forth, the following services:

- A. EXECUTIVE: The principal executive officers of the Service Company, such as the Chairman of the Board, President and Vice Presidents, and Treasurer will assist and advise the Operating Company in respect to corporate, financial, operating, engineering, organization, regulatory, and other

problems. They will keep themselves informed in regard to the operation, maintenance and financial condition of, and other matters relating to, the Operating Company through contacts with the officers, directors and other representatives of the Operating Company. Such officers of the Service Company will visit the property of the Operating Company when necessary to the proper furnishing of the services provided for in this Agreement. They will also supervise the personnel of the Service Company to the end that services under this Agreement shall be performed efficiently, economically and satisfactorily to the Operating Company.

- B. **ENGINEERING:** The Service Company will supply engineering services as required in all areas of design, construction, operation and management of the Operating Company.
- C. **OPERATING:** The Service Company will furnish competent personnel to perform and/or control all normal operating functions, including pumping, treatment, and distribution as well as maintenance of all equipment and facilities. These responsibilities will include testing and record keeping to insure compliance with all state and local regulatory agency requirements.
- D. **ACCOUNTING:** The Service Company will provide total accounting service, including bookkeeping, payroll, tax determination, financial statement preparation, budgets, credit, P.S.C. annual reports, etc. Periodic analyses will be made for purposes of planning and measurement of efficiency.
- E. **LEGAL:** The Service Company will employ general counsel as necessary to advise and assist it in the performance of the services herein provided for and to aid the operating company in all matters where such assistance may be desired.
- F. **BILLING AND CUSTOMER RELATIONS:** The Service Company will handle all billing and collections. It will serve as the link between the customer and

the Operating Company in all areas such as new accounts, deposits, meter reading, inquiries, and complaints.

- G. CONSTRUCTION: The Service Company will perform directly or supervise all construction, including customer connections, meter installations, main extensions, plant expansions, or capital additions of any nature as required by the Operating Company.
- H. ALL OTHER SERVICES AS PROVIDED FOR IN APPENDIX A: In addition to items (A) through (G), the Service Company will employ or provide personnel to perform the attached services, or in the instance of assets. Liabilities, and associated non-cash items, has incurred costs associated with providing service to the corporate headquarters, regional areas, or to all operating companies as a whole. The allocated costs from these services will be for costs attributable to all operating companies, costs attributable to the Service Company, or for costs that cannot, without excessive effort and expense, be directly identified and related to services rendered to a particular operating company.

In consideration for the services to be rendered by the Service Company as hereinabove provided, the Operating Company agrees to pay to the Service Company the cost of said services. Said cost shall not include a markup for profit. In addition, the Operating Company agrees to pay to the Service Company its share of the cost of the investment in the Service Company rate base, including depreciation, amortization, interest on debt and a return on the equity invested.

All costs of the Service Company, including salaries and other expenses, incurred in connection with services rendered by the Service Company for the Operating Companies which can, without excessive effort or expense, be identified and related to services rendered to a particular Operating Company, shall be charged directly to such company. Examples of such costs to be directly allocated include salary and other expenses incurred for specific projects such as rate cases, construction projects, legal proceedings, etc. Similarly, all such costs which may be identified and related to



services rendered to a particular group of the Operating Companies shall be charged directly to such group of the Operating Companies.

All such costs which, because of their nature, cannot, without excessive effort or expense, be identified and related to services rendered to a particular Operating Company, shall be allocated among all the Operating Companies, in the manner hereinafter set forth.

First, the allocable costs shall be distributed on a monthly basis, unless the Parent should elect to make a supplementary analysis for a special purpose.

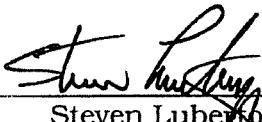
Secondly, these costs will be prorated on the basis of the proportion of active Equivalent Residential Customers ("ERCs") served by the Operating Company to the total number of active ERCs served by the Parent and its affiliates (including, without limitation, the Operating Company), determined as of the end of each month. For purposes of this Agreement, the number of ERCs attributable to each water and sewer connection maintained by the Parent and its affiliates (including, without limitation, the Operating Company) will be determined by applying the formulae set forth in Appendix B.

The Service Company will also at any time, upon request of the Operating Company, furnish to it any and all information required by the Operating Company or by any governmental authorities having jurisdiction over the Operating Company with respect to the services rendered by the Service Company hereunder, the cost thereof and the allocation of such cost among the Operating Companies. In the case of services in connection with construction, the Service Company will, to the extent practicable, furnish to the Operating Company such information as shall be necessary to permit the allocation of charges for such services to particular work orders.

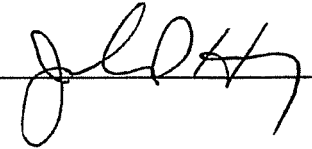
This Agreement shall be in full force and effect from the date as hereinabove mentioned and shall continue in full force and effect until termination by either of the parties hereto upon ninety days notice in writing.

IN WITNESS WHEREOF, the Service Company and the Operating Company have caused these presence to be signed in their respective corporate names by their respective Presidents or Vice Presidents, and attest by their respective Secretaries or Assistant Secretaries, all as of the day and year first above written.

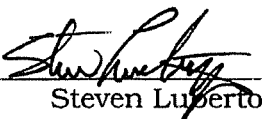
Water Service Corporation

BY  \_\_\_\_\_  
Steven Lubertozi  
Vice President and Chief Financial  
Officer

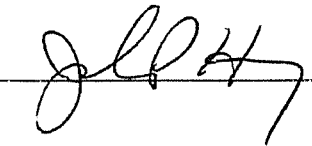
Attest

 \_\_\_\_\_

Water Service Corporation of Kentucky

BY  \_\_\_\_\_  
Steven Lubertozi  
Vice President and Chief Financial  
Officer

Attest

 \_\_\_\_\_

**AFFILIATE AGREEMENT  
APPENDIX A**

The following list includes expense accounts at the Water Service Corporation level which have dollars booked to them and allocated to all Utilities, Inc. operating companies at a business unit level

<u>JDE Object Number</u>	<u>Account Description</u>
5505	Agency Expense
5525	Bill Stock
5530	Billing Computer Supplies
5535	Billing Envelopes
5540	Billing Postage
5545	Customer Service Printing
5625	401K/ESOP Contributions
5630	Dental Premiums
5635	Dental Ins Reimbursements
5640	Emp Pensions & Benefits
5645	Employee Ins Deductions
5650	Health Costs & Other
5655	Health Ins Reimbursements
5660	Other Emp Pensions/Benefits
5665	Pension Contributions
5670	Term Life Ins
5675	Term Life Ins - Opt
5680	Depend Life Ins - Opt
5685	Supplemental Life Ins
5690	Tuition
5700	Insurance - Vehicle
5705	Insurance - Gen Liab
5710	Insurance - Workers Comp
5715	Insurance - Other
5735	Computer Maintenance
5740	Computer Supplies
5745	Computer Amort & Prog Cost
5750	Internet Supplier
5755	Microfilming
5760	Website Development
5785	Advertising/Marketing
5790	Bank Service Charges
5795	Contributions
5800	Letter of Credit Fee
5805	License Fees
5810	Memberships
5815	Penalties/Fines
5820	Training Expense
5825	Other Misc Expense
5855	Answering Service
5855	Answering Service
5860	Cleaning Supplies
5865	Copy Machine
5870	Holiday Events/Picnics
5875	Kitchen Supplies
5880	Office Supply Stores
5885	Printing/Blueprints
5890	Publ Subscriptions/Tapes
5895	Shipping Charges
5900	Other Office Expenses
5930	Office Electric
5935	Office Gas
5940	Office Water
5945	Office Telecom
5950	Office Garbage Removal
5955	Office Landscape / Mow / Plow
5960	Office Alarm Sys Phone Exp
5965	Office Maintenance
5970	Office Cleaning Service
5975	Office Machine/Heat&Cool
5980	Other Office Utilities
5985	Telemetering Phone Expense
6005	Accounting Studies
6010	Audit Fees
6015	Employ Finder Fees
6020	Engineering Fees
6025	Legal Fees
6030	Management Fees
6035	Payroll Services
6040	Tax Return Review
6045	Temp Employ - Cleri
6050	Other Outside Serv
6075	Water Resource Conserve Exp
6090	Rent
6105	Salaries - System Project
6110	Salaries - Acctg/Finance
6115	Salaries - Admin
6120	Salaries - Officers/Stkholder
6125	Salaries - HR
6130	Salaries - MIS

The following list includes asset and liability accounts at the Water Service Corporation level which have dollars booked to them and allocated to all Utilities, Inc. operating companies

<u>JDE Object Number</u>	<u>Subsidiary Number</u>	<u>Account Description</u>
1030		Land & Land Rights Pump
1035		Land & Land Rights Wtr Trt
1040		Land & Land Rights Trans Dist
1045		Land & Land Rights Gen Plt
1175		Office Struct & Imprv
1180		Office Furn & Eqpt
1190		Tool Shop & Misc Eqpt
1205		Communication Eqpt
1260		Land & Land Rights Intang Plt
1265		Land & Land Rights Coll Plt
1270		Land & Land Rights Trmnt Plt
1275		Land & Land Rights Reclaim Wip
1280		Land & Land Rights Rel Dst Plt
1285		Land & Land Rights Gen Plt
1455		Office Struct & Imprv
1460		Office Furn & Eqpt
1470		Tool Shop & Misc Eqpt
1485		Communication Eqpt
1575		Desktop Computer Wtr
1580		Mainframe Computer Wtr
1585		Mini Computers Wtr
1590		Comp Sys Cost Wtr
1595		Micro Sys Cost Wtr
1605		Desktop Computer Swr
1610		Mainframe Computer Swr
1615		Mini Computers Swr
1620		Comp Sys Cost Swr
1625		Micro Sys Cost Swr
1741		Other Plant In Process History
1745	00301	Wip-Cap Time Office Renovation
1745	00302	Wip-Cap Time Electrical
1745	00303	Wip-Cap Time Lab Expansion
1745	00304	Wip-Cap Time Computer Equipmnt
1745	00305	Wip-Cap Time Computer Software
1745	00306	Wip-Cap Time Radio Equipment
1746	00301	Wip - Interest During Constr
1746	00302	Wip - Interest During Constr
1746	00303	Wip - Interest During Constr
1746	00304	Wip - Interest During Constr
1746	00305	Wip - Interest During Constr
1746	00306	Wip - Interest During Constr
1747	00303	Wip - Labor/Installation
1747	00304	Wip - Labor/Installation
1747	00305	Wip - Labor/Installation
1748	00302	Wip - Equipment
1748	00303	Wip - Equipment
1748	00304	Wip - Equipment
1748	00306	Wip - Equipment
1749	00301	Wip - Material
1749	00302	Wip - Material
1749	00303	Wip - Material
1749	00304	Wip - Material
1749	00305	Wip - Material
1749	00306	Wip - Material
1750	00301	Wip - Electrical
1751	00301	Wip - Site Work
1752	00301	Wip - Contractor/Labor
1752	00302	Wip - Contractor/Labor
1753	00301	Wip - Architect/Designer
1753	00302	Wip - Architect/Designer
1753	00303	Wip - Architect/Designer
1754	00303	Wip - Building Addition
1755	00301	Wip - Furniture
1755	00302	Wip - Furniture
1756	00301	Wip - Heating/Air Condition
1756	00302	Wip - Heating/Air Condition
1757	00301	Wip - Interior Finish
1757	00302	Wip - Interior Finish
1758	00305	Wip - Modification/Convert
1759	00304	Wip - Remodeling
1769	00301	Wip - Transfer To Fixed Assets
1769	00302	Wip - Transfer To Fixed Assets
1769	00303	Wip - Transfer To Fixed Assets
1769	00304	Wip - Transfer To Fixed Assets
1769	00305	Wip - Transfer To Fixed Assets
1769	00306	Wip - Transfer To Fixed Assets
1771		Deferred Plant In Process History
1775	00401	Wip-Cap Time Water Tower Paint
1775	00402	Wip-Cap Time W/S Plt Paint
1775	00403	Wip-Cap Time Water Tank Paint
1775	00404	Wip-Cap Time Clean Sewer Line

**AFFILIATE AGREEMENT  
APPENDIX A**

The following list includes expense accounts at the Water Service Corporation level which have dollars booked to them and allocated to all Utilities, Inc operating companies at a business unit level

<u>JDE Object Number</u>	<u>Account Description</u>
6135	Salaries - Leadership Ops
6140	Salaries - Regulatory
6145	Salaries - Customer Service
6185	Travel Lodging
6190	Travel Airfare
6195	Travel Transportation
6200	Travel Meals
6205	Travel Entertainment
6207	Travel Other
6355	Deferred Maint Expense
6360	Communication Expense
6365	Equipment Rentals
6385	Uniforms
6390	Weather/Hurricane Costs
6580	Deprec-Office Structure
6585	Deprec-Office Furn/Eqpt
6610	Deprec-Communication Eqpt
6615	Deprec-Misc Equipment
6820	Deprec-Office Structure
6825	Deprec-Office Furn/Eqpt
6850	Deprec-Communication Eqpt
6855	Deprec-Misc Equipment
6920	Deprec-Computer
7510	FICA Expense
7515	Federal Unemployment Tax
7520	State Unemployment Tax
7535	Franchise Tax
7540	Gross Receipts Tax
7545	Personal Property/ICT Tax
7550	Property/Other General Tax
7555	Real Estate Tax
7560	Sales/Use Tax Expense
7565	Special Assessments
7665	Extraordinary Gain/Loss
7670	Extraordinary Deductions
7680	Rental Income
7685	Interest Income
7690	Sale of Equipment

The following list includes asset and liability accounts at the Water Service Corporation level which have dollars booked to them and allocated to all Utilities, Inc operating companies

<u>JDE Object Number</u>	<u>Subsidiary Number</u>	<u>Account Description</u>
1030		Land & Land Rights Pump
1775	00405	Wip-Cap Time Chng Filter Media
1775	00406	Wip-Cap Time Tv Sewer Main
1775	00407	Wip-Cap Time Sludge & Hauling
1775	00408	Wip-Cap Time W/S Pll Landscape
1776	00401	Wip - Interest During Constr
1776	00402	Wip - Interest During Constr
1776	00403	Wip - Interest During Constr
1776	00404	Wip - Interest During Constr
1776	00405	Wip - Interest During Constr
1776	00406	Wip - Interest During Constr
1776	00407	Wip - Interest During Constr
1776	00408	Wip - Interest During Constr
1777	00408	Wip - Engineering
1778	00401	Wip - Labor/Installation
1779	00401	Wip - Equipment
1779	00404	Wip - Equipment
1779	00406	Wip - Equipment
1780	00401	Wip - Material
1780	00402	Wip - Material
1780	00403	Wip - Material
1780	00404	Wip - Material
1780	00405	Wip - Material
1780	00406	Wip - Material
1780	00407	Wip - Material
1780	00408	Wip - Material
1781	00408	Wip - Site Work
1782	00401	Wip - Contractor/Labor
1782	00402	Wip - Contractor/Labor
1782	00403	Wip - Contractor/Labor
1782	00405	Wip - Contractor/Labor
1782	00406	Wip - Contractor/Labor
1783	00404	Wip - Grouting/Sealing
1784	00404	Wip - Jet Cleaning
1785	00407	Wip - Pump & Haul Sludge
1786	00404	Wip - Rental/Machine
1786	00405	Wip - Rental/Machine
1787	00402	Wip - Repair
1787	00403	Wip - Repair
1799	00401	Wip - Transfer To Fixed Assets
1799	00402	Wip - Transfer To Fixed Assets
1799	00403	Wip - Transfer To Fixed Assets
1799	00404	Wip - Transfer To Fixed Assets
1799	00405	Wip - Transfer To Fixed Assets
1799	00406	Wip - Transfer To Fixed Assets
1799	00407	Wip - Transfer To Fixed Assets
1799	00408	Wip - Transfer To Fixed Assets
1970		Acc Depr-Office Structure
1975		Acc Depr-Office Furn/Eqpt
1985		Acc Depr-Tool Shop & Misc Eqpt
2000		Acc Depr-Communication Eqpt
2215		Acc Depr-Office Structure
2220		Acc Depr-Office Furn/Eqpt
2230		Acc Depr-Tool Shop & Misc Eqpt
2245		Acc Depr-Communication Eqpt
2315		Acc Depr-Desktop Computer Wtr
2320		Acc Depr-Mainframe Comp Wtr
2325		Acc Depr-Mini Comp Wtr
2330		Comp Sys Amortization Wtr
2335		Micro Sys Amortization Wtr
2345		Acc Depr-Desktop Computer Swr
2350		Acc Depr-Mainframe Comp Swr
2355		Acc Depr-Mini Comp Swr
2360		Comp Sys Amortization Swr
2365		Micro Sys Amortization Swr
2950		Def Chgs-Landscaping
2955		Def Chgs-Customer Complaints
2960		Def Chgs-Tank Maint&Rep Wtr
2965		Def Chgs-Relocation Expenses
2970		Def Chgs-Attorney Fee
2975		Def Chgs-Hurricane/Storms Cost
2980		Def Chgs-Emp Fees
2985		Def Chgs-Other
3000		Def Chgs-Other Wtr & Swr
3005		Def Chgs-Voc Testing
3020		Def Chgs-Sludge Hauling
3025		Def Chgs-Pr Wash/Jet Swr Mains
3030		Def Chgs-Tv Sewer Mains
3040		Def Chgs-Tank Maint&Rep Swr
3080		Amort - Landscaping
3090		Amort - Customer Complaints

**AFFILIATE AGREEMENT  
APPENDIX A**

The following list includes expense accounts at the Water Service Corporation level which have dollars booked to them and allocated to all Utilities, Inc operating companies at a business unit level

JDE Object Number      Account Description

The following list includes asset and liability accounts at the Water Service Corporation level which have dollars booked to them and allocated to all Utilities, Inc operating companies

<u>JDE Object Number</u>	<u>Subsidiary Number</u>	<u>Account Description</u>
1030		Land & Land Rights Pump
3110		Amort - Tank Maint&Rep Wtr
3120		Amort - Relocation Exp
3125		Amort - Attorney Fee
3130		Amort - Hurricane/Storms
3135		Amort - Employee Fees
3140		Amort - Other
3155		Amort - Other Wtr & Swr
3160		Amort - Voc Testing
3175		Amort - Sludge Hauling
3180		Amort - Pr Wash/Jet Swr Mains
3185		Amort - Tv Sewer Mains
3195		Amort - Tank Maint&Rep Swr
4367		Accum Def Income Tax-Fed
4369		Def Fed Tax - Ciac Pre 1987
4371		Def Fed Tax - Tap Fee Post 2000
4373		Def Fed Tax - Idc
4375		Def Fed Tax - Rate Case
4377		Def Fed Tax - Def Maint
4379		Def Fed Tax - Other Operation
4381		Def Fed Tax - Sold Co
4383		Def Fed Tax - Orgn Exp
4385		Def Fed Tax - Bad Debt
4387		Def Fed Tax - Depreciation
4389		Def Fed Tax - Nol
4391		Def Fed Tax - Cont Prop
4393		Def Fed Tax - Amt
4395		Def Fed Tax - Pre Acrs
4397		Def Fed Tax - Res Cap Fee
4417		Accum Def Income Tax - St
4419		Def St Tax - Ciac Pre 1987
4421		Def St Tax - Tap Fee Post 2000
4423		Def St Tax - Idc
4425		Def St Tax - Rate Case
4427		Def St Tax - Def Maint
4429		Def St Tax - Other Operation
4431		Def St Tax - Sold Co
4433		Def St Tax - Orgn Exp
4435		Def St Tax - Bad Debt
4437		Def St Tax - Depreciation
4439		Def St Tax - Nol
4441		Def St Tax - Cont Prop
4443		Def St Tax - Amt
4445		Def St Tax - Res Cap Fee

**AFFILIATE AGREEMENT  
APPENDIX B**

The formula used to calculate all allocations is as follows:

Expenses:

Active ERC count for business unit/Active ERC count for all UI operating business units

Assets/Liabilities:

Active ERC count for company/Active ERC count for all UI operating companies



Case No. 2008-00563  
Exhibit 17



**WATER SERVICE CORPORATION OF KENTUCKY**

**Balance Sheet**

**June 30, 2008**

**Schedule .**

<u>Assets</u>		<u>Liabilities and Other Credits</u>	
Plant In Service		Capital Stock and Retained Earnings	
Water	\$ 9,544,117	Common Stock and Paid In Capital	\$ 4,72
Sewer	-	Retained Earnings	(46
Total	<u>9,544,117</u>	Total	<u>4,22</u>
Accumulated Depreciation-Water	(3,773,784)	Current and Accrued Liabilities	
Accumulated Depreciation-Sewer	-	Accounts Payable-Trade	14
Total	<u>(3,773,784)</u>	Taxes Accrued	(1
Net Utility Plant	<u>5,770,333</u>	Customer Deposits	5
		Customer Deposits - Interest	1
		A/P - Assoc. Companies	1,15
		Total	<u>1,42</u>
Plant Acquisition Adjustment-Water	(162,892)	Advances In Aid of Construction	
Plant Acquisition Adjustment-Sewer	-	Water	11
Total	<u>(162,892)</u>	Sewer	
		Total	<u>11</u>
Construction Work In Process-Water	40,763	Contributions In Aid of Construction	
Construction Work In Process-Sewer	-	Water	7
Total	<u>40,763</u>	Sewer	
Current Assets		Total	<u>7</u>
Cash	117,773	Accumulated Deferred Income Tax	
Accounts Receivable - Net	226,789	Unamortized ITC	
Other Current Assets	<u>5,800</u>	Deferred Tax - Federal	30
Total	<u>350,362</u>	Deferred Tax - State	
Deferred Charges	<u>170,297</u>	Total	<u>31</u>
<b>TOTAL ASSETS</b>	<b>\$ <u><u>6,168,863</u></u></b>	<b>TOTAL LIABILITIES AND OTHER CREDITS</b>	<b>\$ <u><u>6,16</u></u></b>

**WATER SERVICE CORPORATION OF KENTUCKY**  
**Income Statement**  
**June 30, 2008**

	Per Books	Pro Forma Adjustments	Pro Forma Present	Proposed Increase	Pro Forma Proposed
<b>Operating Revenues</b>					
Service Revenues - Water	\$ 1,630,349	\$ 730 [l]	\$ 1,631,079	\$ 816,101 [a]	\$ 2,447,180
Service Revenues - Sewer	404		404		404
Miscellaneous Revenues	54,195		54,195		54,195
Uncollectible Accounts	(18,156)		(18,156)	(9,084) [b]	(27,240)
<b>Total Operating Revenues</b>	<b>1,666,792</b>	<b>730</b>	<b>1,667,522</b>	<b>807,017</b>	<b>2,474,539</b>
<b>Maintenance Expenses</b>					
Salaries and Wages	484,230	(79,240) [c]	404,991		404,991
Purchased Power	71,875	2,526 [j]	74,400		74,400
Purchased Water	86,112	3,026 [j]	89,138		89,138
Maintenance and Repair	145,484	4,530 [j][n]	150,014		150,014
Maintenance Testing	51,405	1,806 [j]	53,212		53,212
Meter Reading	4,200	148 [j]	4,348		4,348
Chemicals	117,069	4,114 [j]	121,183		121,183
Transportation/Travel/Meals	60,278	1,252 [j][n]	61,530		61,530
Operating Exp. Charged to Plant	(132,437)	12,911 [k]	(119,526)		(119,526)
Outside Services - Other	68,266	145 [j][n]	68,411		68,411
<b>Total</b>	<b>956,482</b>	<b>(48,784)</b>	<b>907,698</b>	<b>-</b>	<b>907,698</b>
<b>General Expenses</b>					
Salaries and Wages	218,683	(23,805) [c]	194,878		194,878
Office Supplies & Other Office Exp	127,721	2,993 [j][n]	130,714		130,714
Regulatory Commission Exp	4,358	39,379 [d]	43,737		43,737
Pension & Other Benefits	111,337	26,471 [c]	137,808		137,808
Rent	17,870	609 [j][n]	18,479		18,479
Insurance	56,158	8,989 [n]	65,147		65,147
Office Utilities	60,888	1,399 [j][n]	62,287		62,287
Miscellaneous	19,659	44 [j][n]	19,703		19,703
<b>Total</b>	<b>616,674</b>	<b>56,079</b>	<b>672,754</b>	<b>-</b>	<b>672,754</b>
Depreciation	261,323	(2,391) [e]	258,932		258,932
Taxes Other Than Income	88,021	(10,271) [f]	77,751	11,210 [f]	88,960
Income Taxes - Federal	(89,776)	(60,580) [g]	(150,356)	256,638 [g]	106,283
Income Taxes - State	386	(18,812) [g]	(18,426)	40,989 [g]	22,563
Defer Inc Taxes - Fed	(52,570)		(52,570)		(52,570)
Defer Inc Taxes - State	(11,638)		(11,638)		(11,638)
Expense Reduction Related to Clinton Sewer Operations	(130,952)	59,719 [m]	(71,233)		(71,233)
Amortization of PAA	-	- [e]	-		-
Amortization of CIAC and AIAC	(2,309)	(872) [e]	(3,181)		(3,181)
<b>Total</b>	<b>62,486</b>	<b>(33,207)</b>	<b>29,279</b>	<b>308,837</b>	<b>338,116</b>
<b>Total Operating Expenses</b>	<b>1,635,642</b>	<b>(25,911)</b>	<b>1,609,731</b>	<b>308,837</b>	<b>1,918,568</b>

- [a] Revenues are annualized at proposed rates using the actual test year customers.
- [b] Uncollectible accounts are adjusted based on the percentage of uncollectible accounts to revenues in the test year applied to pro forma proposed revenues.
- [c] Salaries, wages and benefits are adjusted accordingly to reflect upcoming increases in salaries.
- [d] Regulatory commission expense has been adjusted to reflect the cost of the current rate case over 3 years.
- [e] Depreciation and amortization expense are annualized. Depreciation expense represents gross depreciable plant at 6/30/08 plus actual and estimated general ledger additions, actual and estimated net capital projects additions, and actual and estimated capitalized time additions, multiplied by the depreciation rate of 2.00% for water plant, and 25% for vehicles and 12.50% for computer equipment.
- [f] Taxes other than income are adjusted for annualized payroll taxes, utility commission taxes, real estate taxes, and gross receipts taxes.
- [g] Income taxes are computed on taxable income at current rates (34% federal and the stepped state rate).
- [h] AFUDC is eliminated for rate making purposes.
- [i] Interest on debt has been computed using a 46.97% / 53.03% debt / equity ratio and a 6.58% cost of debt. The 53.03% and 6.58% are multiplied by pro forma present rate base to determine interest on debt.
- [j] A 3.514% adjustment has been made to account for the increase in the consumer price index since acquisition.
- [k] Operating expense charged to plant has been adjusted for projected increases in salaries, taxes, and benefits for operators.
- [l] Revenues are adjusted to bring present revenues to the amount calculated from consumption information.
- [m] Expenses for Clinton sewer operations have been reduced to actual expense reductions.
- [n] Reallocations of WSC and regional expenses based on the change in ERC factor.



Case No. 2008-00563  
Exhibit 18

**WATER SERVICE CORPORATION OF KENTUCKY**  
**General Ledger Plant Additions**

w/p 11

<u>Account Number</u>	<u>Description</u>	<u>Invoiced Additions July-Nov</u>	<u>Estimated Additions from Dec to March</u>	<u>Total Additions (Invoiced and Estimated)</u>	<u>Impact on Depreciation Expense at 2%</u>
1045	Land & Land Rights General Plt	3	2	5	
1080	Wells & Springs	6594	5276	11870	
1090	Supply Mains	4487	3590	8077	
1105	Electric Pump Equip WTP	1078	863	1941	
1110	Electric Pump Equip Trans	977	782	1759	
1115	Water Treatment Eqpt	1696	1357	3052	
1120	Dist Resv & Standpipes	294	235	530	
1125	Trans & Distr Mains	14233	11386	25619	
1130	Service Lines	2129	1703	3831	
1135	Meters	6877	5502	12379	
1140	Meters Installations	1885	1508	3393	
1145	Hydrants	5717	4574	10291	
1175	Office Struct & Imprv	314	251	565	
1180	Office Furn & Equipment	123	99	222	
1190	Tool Shop & Misc Eqpt	105	84	189	
1205	Communication Eqpt	11	8	19	
	<b>Total</b>	<b>46,524</b>	<b>37,219</b>	<b>83,743</b>	<b>1,675</b>

\*\* Please note: the pro-forma general ledger additions for the period July to November of 2008 are based on actual g/l additions for the above accounts. The g/l additions from December to March of 2008 are estimated based on actual July-Nov g/l additions. A total of nine month pro forma g/l additions are included post test year period in order to include actual and estimated g/l additions up to hearing. No retirements are associated with these additions.



Case No. 2008-00563

Exhibit

19



**WATER SERVICE CORPORATION OF KENTUCKY**  
**Pro Forma Plant to be Included in Rate Case**

w/p [j]

<u>Project Description</u>	<u>Costs to Date</u>	<u>Additional Cost to Complete</u>	<u>Total Cost of Project</u>	<u>Database Number</u>	<u>Project Status</u>
Install Security Camera System	\$ 19,784	\$ (0)	19,784	2004768	Closed (As of Sep. 08) In service date 6/30/08
	<u>\$ 19,784</u>	<u>\$ (0)</u>	<u>\$ 19,784</u>		
Depreciation expense impact:			396		

\*\*\*\* Please note: this pro-forma project was closed out in the general ledger after the test year period. No retirements are associated with this pro-forma project. This pro-forma project is in service.

WSC of KY

Pro Forma Wsc Rate Base Allocations	Amount closed out per GL	Ky Erc % as of 6/30/08	Pro Forma RB to be allocated
CC & B closed out 7/31/08	7,077,652 *	2.53%	\$ 178,715

\* JDE 2009506 General Ledger attachment

\*\* Please note: This project is the billing portion of Project Phoenix (the new computer software and billing system)  
The project was closed out in July of 2008 and is allocated based on ERCs to all UI subsidiaries.  
The billing system is in service No retirements are associated with this project  
CC&B is amortized over 8 years, or \$22,339 per year