

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ALTERNATIVE RATE ADJUSTMENT FILING) CASE NO. 2011-00433
OF COOLBROOK UTILITIES, LLC)

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
TO COOLBROOK UTILITIES, LLC.

Pursuant to 807 KAR 5:001, Coolbrook Utilities, LLC ("Coolbrook") shall to file with the Commission within 14 days of the date of this Order the original and four copies of the following information, with a copy to all parties of record. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Coolbrook shall make timely amendment to any prior response if it obtains information that indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Coolbrook fails or refuses to furnish all or part of the requested information, Coolbrook

shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention should be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request..

1. In its Application, Coolbrook states that its "President has begun tracking time spent on Coolbrook matters." On January 17, 2012, Coolbrook submitted a copy of Mr. Larry Smither's daily activity log. State whether this filing represents the complete log. If not, provide the complete log.

2. Describe how Coolbrook determined that Mr. Smither spent 300 hours during the test period on Coolbrook matters.

3. a. List all business entities in which Mr. Smither has an interest.

b. For each entry listed in Item 3a, describe the nature of Mr. Smither's interest in the entity and his duties.

c. List all civic, charitable, and non-business organizations in which Mr. Smither serves as an officer.

d. For each entry listed in Item 3c, describe the nature of Mr. Smither's role in the entity and his duties.

4. State the total annual salary that Coolbrook paid to Mr. Smither for the calendar year ending December 31, 2011.

5. Describe the duties of Coolbrook's vice president.

6. a. State the number of hours that Coolbrook's vice president worked on Coolbrook's behalf during the test period.

b. State whether Coolbrook's vice president maintained a written log or record of his activities on behalf of Coolbrook during the test period.

c. State whether the proposed adjusted salary level of \$15,000 includes a salary for Coolbrook's vice president.

7. a. State the number of employees that Coolbrook employs.

b. For each Coolbrook employee, describe the nature of his or her duties.

8. Provide a copy of each billing invoice for electric power that Blue Grass Energy issued to Coolbrook for the period November 1, 2009 through April 30, 2011.

9. State whether Coolbrook determined the level of its proposed adjustment to Fuel and Power Expense by multiplying the test period amount by 1.046. If not, then state how Coolbrook determined the adjustment.

10. Provide a copy of all current contracts with Thacker Environmental.

11. List and describe all of Coolbrook's efforts since January 1, 2010 to obtain an alternative to its current use of Farmdale Water District ("Farmdale District") for billing and collection.

12. List all alternative billing methods that Coolbrook has considered to reduce its billing costs and explain why each method is not cost effective.

13. State the cost of Coolbrook performing its own billing and collection services. Describe how Coolbrook determined this cost.

14. a. Provide all written agreements between Coolbrook and Farmdale District for collection and billing services.

b. State whether Coolbrook has an agreement with Farmdale District for Farmdale District to terminate water service if the amount owed to Coolbrook is not paid.

c. If there is no agreement between Coolbrook and Farmdale District for termination of water service for nonpayment for sewer service, explain why Coolbrook is of the opinion that the cost of the billing and collection services that Farmdale District provides is reasonable.

15. Provide all correspondence between Coolbrook and Farmdale District in which Farmdale District's provision of billing services is discussed.

16. Explain why Coolbrook's proposal to allocate 50 percent of increased fees for billing and collection services related to the proposed rate adjustment is reasonable and would be consistent with the Commission's reasoning for disallowing expenses in excess of test-year expense in Case No. 98-284.¹

17. List the names and addresses of all persons and entities whom Coolbrook has inquired of regarding the provision of billing and collection services since January 1, 2010.

18. a. State the location of Coolbrook's office and identify the lessor who rents this space to Coolbrook.

¹ Case No. 98-284, *The Application of 4-Way Enterprises Inc., Coolbrook Sanitation Division For A Rate Adjustment Pursuant to the Alternative Rate Filing For Small Utilities* (Ky. PSC May 25, 1999).

b. Provide a copy of all rental agreements with the lessor of the office space.

c. List all services included in the office rental.

19. Provide a copy of Coolbrook's current insurance policy and the invoices for this policy.

20. Identify all vendors from which Coolbrook solicited bids or price quotes for insurance coverage and provide a copy of such bids or price quotes.

21. Explain why, given Coolbrook's use of the alternative rate filing procedures and the experience and expertise of Coolbrook's officers, the use of a consultant to prepare Coolbrook's application is reasonable.

22. State whether the Kentucky Division of Water ("DOW") has issued an Order to Coolbrook directing the performance of an inflow and infiltration study. If yes, provide a copy of this Order. The term "Order" includes an agreed order between Coolbrook and DOW.

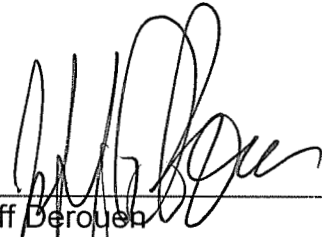
23. State the purpose of performing an inflow and infiltration study on Coolbrook's sewer lines.

24. State whether Coolbrook agrees the performance of an inflow and infiltration study benefits future ratepayers as well as ratepayers receiving sewer service at the time of the study. Explain.

25. Explain why the cost of any inflow and infiltration study should not be amortized and recovered over a period of time longer than one year.

26. Explain why the performance of an inflow and infiltration study on a sewer utility with plant and sewer lines in service for more than 20 years would be an unusual occurrence and not normal practice within the wastewater industry.

27. Provide all bids or price quotes that Coolbrook solicited for the proposed inflow and infiltration study. If Coolbrook obtained no additional bids or quotes, explain why no additional quotes or bids were obtained.



Jeff Beroueh
Executive Director
Public Service Commission
P.O. Box 615
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DATED: JAN 20 2012

cc: Parties of Record

Case No. 2011-00433

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