

Goss ■ Samford PLLC



Attorneys at Law

L. Allyson Honaker
Allyson@gosssamfordlaw.com
(859) 368-7740

VIA HAND DELIVERY

July 9, 2013

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Blvd.
Frankfort, KY 40601

RECEIVED

JUL 09 2013

PUBLIC SERVICE
COMMISSION

Re: In the Matter of the Alternative Rate Filing Application of Fern Lake Company, Case No. 2013-00172.

Dear Mr. Derouen:

Enclosed please find for filing in the above-referenced case an original and ten (10) copies of Fern Lake Company's Responses to Staff's Data Requests in the above captioned matter.

Sincerely,

L. Allyson Honaker

Enclosures

cc: David Spenard (w/enclosures)
Todd Osterloh (w/enclosures)

VERIFICATION

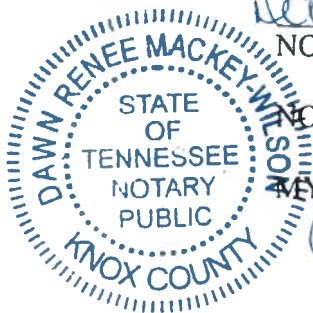
STATE OF KENTUCKY)
)set:
COUNTY OF BELL)

The undersigned, Sal Gaudiano, being duly sworn, deposes and says that he is the Secretary of Fern Lake Company, that he has supervised the preparation of the responses to the foregoing information requests; and that the matters set forth in the foregoing responses to information requests are true and accurate to the best of his knowledge, information and belief, after reasonable inquiry.

Sal Gaudiano
SAL GAUDIANO

Subscribed, sworn and acknowledged to before me by Sal Gaudiano, on the 3rd day of July, 2013.

Dawn Renee Mackey-Wilson
NOTARY PUBLIC
NOTARY # NIA
MY COMMISSION EXPIRES: 04-02-2017



REQUEST:

1. A legible copy of the monthly billing registers for January 2012 through December 2012. The billing registers should show individual customers, usage, and amount billed. The preferred medium is to provide the customer billing information on a computer disk in Microsoft Office Excel format.

RESPONSE:

Fern Lake Company has only one customer, Utilities, Inc. Copies of the 2012 invoices are attached.

PERSON RESPONSIBLE: SAL GAUDIANO

FERN LAKE COMPANY
P.O. BOX 1727
MIDDLESBORO, KY. 40965

Gary Asher
President

February 2, 2012

TO: Utilities, Inc.
Attn: Accounts Payable
2335 Sanders Road
Northbrook, IL 60062

Rates authorized in P.S.C. Case Number 7982 by order dated December 17, 1986.

41,667,000 Gallons (minimum bill) \$7,100.00

Gallons @ .18 cents per 1,000 Gallons

37,683,367 Gallons Jan. 2012 Water 7,100.00

LATE CHARGE FOR PAYMENT
DAYS AT 18%

TOTAL DUE \$7,100.00

Please pay the foregoing to: FERN LAKE COMPANY
P.O. BOX 1727
MIDDLESBORO, KY. 40965

DUE: FEBRUARY 10, 2012

FERN LAKE COMPANY
P.O. BOX 1727
MIDDLESBORO, KY. 40965

Gary Asher
President

March 5, 2012

TO: Utilities, Inc.
Attn: Accounts Payable
2335 Sanders Road
Northbrook, IL 60062

Rates authorized in P.S.C. Case Number 7982 by order dated December 17, 1986.

41,667,000 Gallons (minimum bill) \$7,100.00

Gallons @ .18 cents per 1,000 Gallons

37,565,483 Gallons Feb. 2012 Water 7,100.00

LATE CHARGE FOR PAYMENT
DAYS AT 18%

TOTAL DUE \$7,100.00

Please pay the foregoing to: FERN LAKE COMPANY
P.O. BOX 1727
MIDDLESBORO, KY. 40965

DUE: MARCH 10, 2012

FERN LAKE COMPANY
P.O. BOX 1727
MIDDLESBORO, KY. 40965

Gary Asher
President

April 4, 2012

TO: Utilities, Inc.
Attn: Accounts Payable
2335 Sanders Road
Northbrook, IL 60062

Rates authorized in P.S.C. Case Number 7982 by order dated December 17, 1986.

41,667,000 Gallons (minimum bill) \$7,100.00

Gallons @ .18 cents per 1,000 Gallons

38,253,016 Gallons Mar. 2012 Water 7,100.00

LATE CHARGE FOR PAYMENT
DAYS AT 18%

TOTAL DUE \$7,100.00

Please pay the foregoing to: FERN LAKE COMPANY
P.O. BOX 1727
MIDDLESBORO, KY. 40965

DUE: APRIL 10, 2012

FERN LAKE COMPANY
P.O. BOX 1727
MIDDLESBORO, KY. 40965

Gary Asher
President

May 7, 2012

TO: Utilities. Inc.
Attn: Accounts Payable
2335 Sanders Road
Northbrook. IL 60062

Rates authorized in P.S.C. Case Number 7982 by order dated December 17, 1986.

41.667.000 Gallons (minimum bill) \$7,100.00

Gallons @ .18 cents per 1.000 Gallons

38.330.809 Gallons Apr. 2012 Water 7,100.00

LATE CHARGE FOR PAYMENT
DAYS AT 18%

TOTAL DUE \$7,100.00

Please pay the foregoing to: FERN LAKE COMPANY
P.O. BOX 1727
MIDDLESBORO. KY. 40965

DUE: MAY 10, 2012

FERN LAKE COMPANY
P.O. BOX 1727
MIDDLESBORO, KY. 40965

Gary Asher
President

June 5, 2012

TO: Utilities, Inc.
Attn: Accounts Payable
2335 Sanders Road
Northbrook, IL 60062

Rates authorized in P.S.C. Case Number 7982 by order dated December 17, 1986.

41,667,000 Gallons (minimum bill) \$7,100.00

Gallons @ .18 cents per 1,000 Gallons

38,181,015 Gallons May 2012 Water 7,100.00

LATE CHARGE FOR PAYMENT
DAYS AT 18%

TOTAL DUE \$7,100.00

Please pay the foregoing to: FERN LAKE COMPANY
P.O. BOX 1727
MIDDLESBORO, KY. 40965

DUE: JUNE 10, 2012

FERN LAKE COMPANY
P.O. BOX 1727
MIDDLESBORO, KY. 40965

Gary Asher
President

July 5, 2012

TO: Utilities, Inc.
Attn: Accounts Payable
2335 Sanders Road
Northbrook, IL 60062

Rates authorized in P.S.C. Case Number 7982 by order dated December 17, 1986.

41,667,000 Gallons (minimum bill) \$7,100.00

Gallons @ .18 cents per 1,000 Gallons

38,113,289 Gallons June 2012 Water 7,100.00

LATE CHARGE FOR PAYMENT
DAYS AT 18%

TOTAL DUE \$7,100.00

Please pay the foregoing to: FERN LAKE COMPANY
P.O. BOX 1727
MIDDLESBORO, KY. 40965

DUE: JULY10, 2012

FERN LAKE COMPANY
P.O. BOX 1727
MIDDLESBORO, KY. 40965

Gary Asher
President

August 6, 2012

TO: Utilities, Inc.
Attn: Accounts Payable
2335 Sanders Road
Northbrook, IL 60062

Rates authorized in P.S.C. Case Number 7982 by order dated December 17, 1986.

41,667,000 Gallons (minimum bill) \$7,100.00

Gallons @ .18 cents per 1,000 Gallons

40,708,643 Gallons July 2012 Water 7,100.00

LATE CHARGE FOR PAYMENT
DAYS AT 18%

TOTAL DUE \$7,100.00

Please pay the foregoing to: FERN LAKE COMPANY
P.O. BOX 1727
MIDDLESBORO, KY. 40965

DUE: AUGUST 10, 2012

FERN LAKE COMPANY
P.O. BOX 1727
MIDDLESBORO, KY. 40965

Gary Asher
President

September 5, 2012

TO: Utilities, Inc.
Attn: Accounts Payable
2335 Sanders Road
Northbrook, IL 60062

Rates authorized in P.S.C. Case Number 7982 by order dated December 17, 1986.

41,667,000 Gallons (minimum bill) \$7,100.00

Gallons @ .18 cents per 1,000 Gallons

39,847,916 Gallons Aug 2012 Water 7,100.00

LATE CHARGE FOR PAYMENT
DAYS AT 18%

TOTAL DUE \$7,100.00

Please pay the foregoing to: FERN LAKE COMPANY
P.O. BOX 1727
MIDDLESBORO, KY. 40965

DUE: SEPTEMBER 10, 2012

FERN LAKE COMPANY
P.O. BOX 1727
MIDDLESBORO, KY. 40965

Gary Asher
President

October 5, 2012

TO: Utilities, Inc.
Attn: Accounts Payable
2335 Sanders Road
Northbrook, IL 60062

Rates authorized in P.S.C. Case Number 7982 by order dated December 17, 1986.

41,667,000 Gallons (minimum bill) \$7,100.00

Gallons @ .18 cents per 1,000 Gallons

39,428,728 Gallons Sept 2012 Water 7,100.00

LATE CHARGE FOR PAYMENT
DAYS AT 18%

TOTAL DUE \$7,100.00

Please pay the foregoing to: FERN LAKE COMPANY
P.O. BOX 1727
MIDDLESBORO, KY. 40965

DUE: OCTOBER 10, 2012

FERN LAKE COMPANY
P.O. BOX 1727
MIDDLESBORO, KY. 40965

Gary Asher
President

November 2, 2012

TO: Utilities, Inc.
Attn: Accounts Payable
2335 Sanders Road
Northbrook, IL 60062

Rates authorized in P.S.C. Case Number 7982 by order dated December 17, 1986.

41,667,000 Gallons (minimum bill) \$7,100.00

Gallons @ .18 cents per 1,000 Gallons

40,352,242 Gallons Oct 2012 Water 7,100.00

LATE CHARGE FOR PAYMENT
DAYS AT 18%

TOTAL DUE \$7,100.00

Please pay the foregoing to: FERN LAKE COMPANY
P.O. BOX 1727
MIDDLESBORO, KY. 40965

DUE: NOVEMBER 10, 2012

FERN LAKE COMPANY
P.O. BOX 1727
MIDDLESBORO, KY. 40965

Gary Asher
President

December 4, 2012

TO: Utilities, Inc.
Attn: Accounts Payable
2335 Sanders Road
Northbrook, IL 60062

Rates authorized in P.S.C. Case Number 7982 by order dated December 17, 1986.

41,667,000 Gallons (minimum bill) \$7,100.00

Gallons @ .18 cents per 1,000 Gallons

35,223,098 Gallons Nov 2012 Water 7,100.00

LATE CHARGE FOR PAYMENT
DAYS AT 18%

TOTAL DUE \$7,100.00

Please pay the foregoing to: FERN LAKE COMPANY
P.O. BOX 1727
MIDDLESBORO, KY. 40965

DUE: DECEMBER 10, 2012

FERN LAKE COMPANY
P.O. BOX 1727
MIDDLESBORO, KY. 40965

Gary Asher
President

January 3, 2013

TO: Utilities, Inc.
Attn: Accounts Payable
2335 Sanders Road
Northbrook, IL 60062

Rates authorized in P.S.C. Case Number 7982 by order dated December 17, 1986.

41,667,000 Gallons (minimum bill) \$7,100.00

Gallons @ .18 cents per 1,000 Gallons

35,425,039 Gallons Dec 2012 Water 7,100.00

LATE CHARGE FOR PAYMENT
DAYS AT 18%

TOTAL DUE \$7,100.00

Please pay the foregoing to: FERN LAKE COMPANY
P.O. BOX 1727
MIDDLESBORO, KY. 40965

DUE: JANUARY 10, 2013

REQUEST:

2. A calendar year 2012 general ledger showing account number, subaccount number, account title, subaccount title, and all entries to each account. For each entry state the date paid, vendor name, check number used to make payment and the amount. The general ledger shall include all asset, liability, capital, income, and expense accounts used. All accounts should show activity for 12 months. Show the balance in each control account and all underlying subaccounts per company books. The 2012 general ledger should be provided on a computer disk in Microsoft Office Excel format.

RESPONSE:

Fern Lake Company does not have the information in Microsoft Office Excel format. Please see the attached printout of the Cash receipts/Disbursements for 2012, Balance Sheet and Statement of Operations.

PERSON RESPONSIBLE: SAL GAUDIANO

FERN LAKE
CASH RECEIPTS/DISBURSMENTS-2012

DATE	CHECK NO	SOURCE OF RECEIPT (PAYEE)	1011 CASH	1020 ACCT REC	4000 SALES	PREPAID RENT	ACCT PAY APPOLO	4010 INTEREST	ACCT	OTHER AMOUNT
1-4-12	1042	GARY ASHER	(3,700.00)						DIVIDENDS	3,700.00
1-4-12		WATER SERVICE CORP	7,100.00		(7,100.00)					
1-4-12	1043	LARRY ASHER	(3,700.00)						DIVIDENDS	3,700.00
1-11-13	1044	KY STATE TREASURE	(15.00)						OTHER	15.00
2-9-13	1045	BELL CO SHERIFF	(2,690.00)						PROPERTY TAX	2,690.00
2-9-12		WATER SERVICE CORP	7,100.00		(7,100.00)					
2-9-12	1046	CLAIBORN CO TRUSTEE	(2,620.00)						PROPERTY TAX	2,620.00
3-2-12	1047	GARY ASHER	(4,500.00)						DIVIDENDS	4,500.00
3-2-12		WATER SERVICE CORP	7,100.00		(7,100.00)					
3-2-12	1048	LARRY ASHER	(4,500.00)						DIVIDENDS	4,500.00
4-2-12	1049	GARY ASHER	(3,500.00)						DIVIDENDS	3,500.00
4-2-12		WATER SERVICE CORP	7,100.00		(7,100.00)					
4-2-12	1050	LARRY ASHER	(3,500.00)						DIVIDENDS	3,500.00
4-17-12		GARY ASHER	3,490.00						LOANS	(3,490.00)
4-17-12	1051	KY REVENUE	(3,490.00)						FRANCHISE TA	3,490.00
4-17-12	1052	KY STATE TREASURE	(175.00)						FRANCHISE TA	175.00
5-1-12	1053	GARY ASHER	(7,000.00)						LOAN	7,000.00
5-1-12		WATER SERVICE CORP	7,100.00		(7,100.00)					
6-4-12	1054	GARY ASHER	(3,500.00)						DIVIDEND	3,500.00
6-4-12		WATER SERVICE CORP	7,100.00		(7,100.00)					
6-4-12	1055	LARRY ASHER	(3,500.00)						DIVIDEND	3,500.00
6-29-12	1056	KY DEPT OF REVENUE	(149.44)						PSC	149.44
7-3-12	1057	GARY ASHER	(3,500.00)						DIVIDEND	3,500.00
7-3-12		WATER SERVICE CORP	7,100.00		(7,100.00)					
7-3-12	1058	LARRY ASHER	(3,500.00)						DIVIDEND	3,500.00
8-1-12	1059	GARY ASHER	(2,500.00)						DIVIDEND	2,500.00
8-1-12		WATER SERVICE CORP	7,100.00		(7,100.00)					
8-1-12	1060	LARRY ASHER	(2,500.00)						DIVIDEND	2,500.00
8-6-12	1061	KY STATE TREASURE	(1,464.00)						PSC	1,464.00
9-4-12	1062	GARY ASHER	(3,900.00)						DIVIDEND	3,900.00
9-4-12		WATER SERVICE CORP	7,100.00		(7,100.00)					
9-4-12	1063	LARRY ASHER	(3,900.00)						DIVIDEND	3,900.00
10-9-12	1064	COULTER & JUSTUS	(825.00)						ACCOUNTING	825.00
10-10-12		WATER SERVICE CORP	7,100.00		(7,100.00)					
10-10-12	1065	KY STATE TREASURE	(3,420.00)						FRANCHISE TA	3,420.00
10-10-12		GARY ASHER	3,895.00						LOAN	(3,895.00)
10-10-12	1066	KY STATE TREASURE	(1,140.00)						FRANCHISE TA	1,140.00
10-10-12	1067	KY STATE TREASURE	(1,060.00)						FRANCHISE TA	1,060.00
10-10-12	1068	KY STATE TREASURE	(2,275.00)						FRANCHISE TA	2,275.00
10-10-12	1069	KY STATE TREASURE	(2,275.00)						FRANCHISE TA	2,275.00
11-4-12	1070	GARY ASHER	(3,895.00)						LOAN	3,895.00
11-4-12		WATER SERVICE CORP	7,100.00		(7,100.00)					
11-4-12	1071	GARY ASHER	(1,600.00)						DIVIDEND	1,600.00
11-4-12	1072	LARRY ASHER	(1,600.00)						DIVIDEND	1,600.00
12-3-12	1073	GARY ASHER	(3,500.00)						DIVIDEND	3,500.00
12-3-12		WATER SERVICE CORP	7,100.00		(7,100.00)					
12-3-12	1074	LARRY ASHER	(3,500.00)						DIVIDEND	3,500.00
PER W-2		JOSH LEWIS					(6,115.00)		PAYROLL	6,115.00
PER W-2		SHELLY LEWIS					(34,734.00)		PAYROLL	34,734.00
PER W-2		TOM LEWIS					(52,260.00)		PAYROLL	52,260.00

PER BC STATEMENT	HEALTH INS	(15,939.31)	HEALTH INS	15,939.31
	PROPERTY INS	(5,174.40)	PROPERTY INS	5,174.40
	MGT	(500.00)	MGT	500.00
	PAYROLL TAX	(7,122.84)	PAYROLL TAX	7,122.84
	WORKERS COMP	(2,211.50)	UNEMPLOY TAX	2,211.50

(308.44)	0.00	(85,200.00)	0.00	(124,057.05)	0.00	0.00	209,565.49
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S DIVIDENDS	60,400.00
INSURANCE	5,174.40
PROPERTY TAX	5,310.00
INCOME TAX	13,835.00
OTHER	15.00
PCS ASSESSMENT	1,613.44
LEGAL AND ACCT	825.00
PAYROLL	93,109.00
HEALTH INS	15,939.31
PAYROLL TAX	9,334.34
MGT	500.00
LOANS	3,510.00
	209,565.49

FERN LAKE COMPANY
BALANCE SHEET

ASSETS:	DECEMBER 31,	
	2012	2011
CASH	\$224.78	\$533.22
ACCOUNTS RECEIVABLE		
LAND	23,833.80	23,833.80
EQUIPMENT	49,225.00	49,225.00
ACCUMULATED DEPRECIATION	(49,225.00)	(49,225.00)
FARM CREDIT STOCK	3,073.92	3,073.92
ACCOUNTS RECEIVABLE-G ASHER	6,988.36	3,478.36
TOTAL ASSETS	\$34,120.86	\$30,919.30
LIABILITIES:		
APPOLO LOANS	\$343,336.25	\$219,279.20
PREPAID RENT	0.00	

CAPITAL:		
COMMON STOCK	13,000.00	13,000.00
S RETAINED EARNINGS	1,303,416.03	1,363,871.52
S DIVIDENDS	(1,657,910.00)	(1,597,510.00)
C RETAINED EARNINGS	32,278.58	32,278.58
TOTAL RETAINED EARNINGS	(322,215.39)	(201,359.90)
TOTAL CAPITAL	(309,215.39)	(188,359.90)
TOTAL	\$34,120.86	\$30,919.30
	0.00	0.00

FERN LAKE COMPANY
STATEMENT OF OPERATIONS

	YEAR ENDED DECEMBER 31,	
	2012	2011
INCOME:		
WATER SALES	\$85,200.00	85,382.70
INTEREST INCOME	0.00	
	85,200.00	85,382.70
EXPENSES:		
OPERATING SUPPLIES		
INSURANCE	5,174.40	
PAYROLL	93,109.00	
PAYROLL TAX	9,334.34	
HEALTH INSURANCE	15,939.31	
PROPERTY TAX	5,310.00	130.27
REPAIR AND MAINTENANCE		
OTHER	15.00	15.00
PSC ASSESSMENT	1,613.44	1,342.00
LEGAL AND ACCOUNTING	825.00	905.00
MANAGEMENT	500.00	
	131,820.49	2,392.27

INCOME BEFORE TAX	-----	-----
	(46,620.49)	82,990.43
STATE INCOME TAX	13,835.00	7,155.00
NET INCOME	-----	-----
	(60,455.49)	75,835.43
DISTRIBUTIONS	(60,400.00)	(76,600.00)
RETAINED EARNINGS BEGINING	(201,359.90)	(200,595.33)
RETAINED EARNINGS END	-----	-----
	(\$322,215.39)	(\$201,359.90)
	=====	=====

REQUEST:

3. For each cash account used during the calendar year 2012, provide a cash disbursements ledger that lists all checks in chronological order and details the date paid, check number, vendor, and amount. The 2012 cash disbursements ledger should be provided on a computer disk in Microsoft Office Excel format.

RESPONSE:

Please see the 2012 Cash Receipts/Disbursements printout attached to the response to Request 2.

PERSON RESPONSIBLE: SAL GAUDIANO

REQUEST:

4. A copy of the audited financial statements for the 12-month period ending December 31, 2012. Include a copy of the auditor's work papers and all audit adjustments made to the financial statements.

RESPONSE:

Fern Lake did not conduct an audit in 2012.

PERSON RESPONSIBLE: SAL GAUDIANO

REQUEST:

5. a. A list of all employees employed during the calendar year 2012. For each employee listed, provide the following:

(1) Name.

(2) Title.

(3) Length of employment.

(4) Job duties.

(5) The pay rate in effect during the calendar year 2012 and the pay rate that is currently in effect. Also, state the date the current pay rates became effective and provide the percentage increases. Include a copy of the Board of Commissioner minutes where they authorize the employee pay raises.

(6) For each employee, provide the regular time worked and overtime worked during the calendar year 2012.

(7) Percentage of the calendar year 2012 payroll that was capitalized. Provide a detailed explanation if Fern Lake did not capitalize any of its payroll during the calendar year 2012.

(8) Total calendar year 2012 payroll that was expensed and capitalized.

b. A copy of the employee information requested in 5(a) on a computer disk in Microsoft Office Excel format.

c. Identify any employees listed in the response to 5(a) that are no longer employed. State if the vacant position has been filled and provide the information requested in 5(a) for the new employee. If the position has not been filled state when you expect to hire a new employee or state if the position will remain vacant.

RESPONSES:

5.a. 1-6 Names, Titles, Length of Employment, Pay rate for 2012 and 2013, regular hours worked and overtime hours:

Shelly Lewis – Labor/Manager – employed since current ownership - \$675 per week both 2012 and 2013 salary

Thomas Lewis – Labor – employed since current ownership - \$15 per hour both 2012 and 2013 – 2080 regular hours and 1000 overtime hours.

Joshua Lewis – Part time employee – one year – 2012 \$10 per hour – no longer employed – 611 regular hours.

Hadden Lewis – Part time employee – hired in 2013 - \$10 per hour.

5.a. 7-8

No payroll was capitalized since all work was for maintenance and repair and not for any betterments.

\$93,109 of payroll was expensed.

Fern Lake's payroll is prepared by an outside service, Vaughn Melton. Fern Lake does not have the information requested in Microsoft Office Excel.

Joshua Lewis is no longer employed with Fern Lake. His part time position has been filled. Hadden Lewis was hired in 2013. Please see the answer to 5a 1-6 above.

PERSON RESPONSIBLE: SAL GAUDIANO

REQUEST:

6. a. A detailed list of all fringe benefits available to all employees and the actual cost of each benefit for the calendar year 2012 and the current cost of each fringe benefit. Indicate which fringe benefits, if any, are limited to management or full-time employees. Explain any changes in fringe benefits that have occurred since December 31, 2011.

- b. The most recent vendor invoice for each insurance coverage that Fern Lake provides to its employees. The invoice shall list employees individually by name and state clearly the type and cost of the coverage provided. Identify if the employee is responsible to pay for a portion of the insurance coverage and identify the amount each employee is responsible to pay.

RESPONSES:

6.a. Shelly Lewis receives Blue Cross and Blue Shield Health Insurance family plan. The plan covers her husband, Thomas Lewis and sons, Joshua Lewis and Hadden Lewis. Shelly Lewis is included on Appolo Fuel's plan. Fern Lake reimburses Appolo Fuel for this cost.

In 2012 the cost of the plan was \$1,334.49 per month. In 2013 Blue Cross increased the amount to \$1,499.59 per month.

Shelly Lewis also receives life insurance with a cost of \$7.00 per month.

No other employees receive any fringe benefits. They are currently all covered under Shelly Lewis' family health insurance plan.

6.b. See attached invoice which shows the amount for Shelly Lewis' insurance premiums. The invoice is for all Appolo Fuel employees so only the information for Shelly Lewis is legible. Shelly Lewis is not required to pay any portion of the health or life insurance cost.

PERSON RESPONSIBLE: SAL GAUDIANO

REQUEST:

7. A schedule listing Fern Lake's insurance coverages, including type of coverage (i.e.; vehicle insurance, general liability insurance, and workers' compensation), annual premiums, and effective dates. Also include copies of the invoices Fern Lake received in 2012 and 2013.

RESPONSE:

Fern Lake has a general liability insurance policy with a \$1,000,000.00 limit through Diversified Insurance Managers, Inc. It does not have a vehicle policy. Worker's compensation insurance is covered under Appolo Fuel's policy and Fern Lake reimburses Appolo Fuel for the cost.

Please see attached invoices.

PERSON RESPONSIBLE: SAL GAUDIANO

Invoice

DIVERSIFIED INSURANCE MANAGERS, INC.
P.O. BOX 24205
KNOXVILLE, TN 37933-2205

(865)966-8086

FERN LAKE

P.O. BOX 1727
MIDDLESBORO, KY 40965

Invoice Date: 2/13/2012

Invoice Number: 1981

Policy Number: CLS1565333-02

Company: SOUTHERN GENERAL AGENCY

Rep: RICHARDSON, LARRY

Terms: 30 DAYS

Effective Date: 3/24/2012

Expiration Date:

PLEASE MAKE CHECK PAYABLE TO DIVERSIFIED INSURANCE MANAGERS, INC.

Inv. Date	Qty.	Invoice Description	Invoice Amount	Extension
2/13/2012	1	RENEWAL OF GL	\$4,500.00	\$4,500.00
2/13/2012	1	POLICY FEE	\$300.00	\$300.00
2/13/2012	1	SURPLUS LINES	\$144.00	\$144.00
2/13/2012	1	KENTUCKY FF TAXES	\$230.40	\$230.40

Total Invoice: \$5,174.40

Total Payments: \$0.00

Balance Due: \$5,174.40

DATE PAID 2/17/12
CHECK # 97844

Invoice

DIVERSIFIED INSURANCE MANAGERS, INC.
P.O. BOX 24205
KNOXVILLE, TN 37933-2205

(865)966-3088

FERN LAKE

P.O. BOX 1727
MIDDLESBORO, KY 40965

() -

Invoice Date: 3/4/2013

Invoice Number: 2287

Policy Number: CPS1494623

Company: SCOTTSDALE INSURANCE COMPANY-VA

Rep: RICHARDSON, LARRY

Terms: UPON RECEIPT

Effective Date: 3/24/2013

Expiration Date: 3/24/2014

PLEASE MAKE CHECK PAYABLE TO DIVERSIFIED INSURANCE MANAGERS, INC. PLEASE REF INV #

Inv. Date	Qty.	Invoice Description	Invoice Amount	Extension
3/4/2013	1	RENEWAL	\$4,500.00	\$4,500.00
3/4/2013	1	POLICY FEE	\$300.00	\$300.00
3/4/2013	1	SURPLUS LINES	\$144.00	\$144.00
3/4/2013	1	TAXES	\$230.40	\$230.40

Total Invoice: \$5,174.40

Total Payments: \$0.00

Balance Due: \$5,174.40

DATE PAID 3/27/13
CHECK # 100692