

December 11, 2013

Executive Director
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, KY 40601

RECEIVED
DEC 16 2013
PUBLIC SERVICE
COMMISSION

Re: Joann Estates Utilities, Inc. Rate Case No. 2013-00307

Dear Sirs,

Joann Estates Utilities, Inc. has received and reviewed the PSC Staff Report issued on November 27, 2013 in the above-referenced case. We sincerely appreciate the professionalism of the Staff in processing our case and issuing the Staff Report in a timely manner, and we do not wish to contest most of the report's findings and conclusions, nor do we desire an Informal Conference or Formal Hearing in this case. Instead, we respectfully request that the Commission issue a Final Order in this case as expeditiously as possible, adopting a monthly sewer rate of \$30.67 plus an additional revenue requirement to pay for insurance expense, as was conditionally recommended in the PSC Staff Report. Our specific comments are as follows:

Recommended Monthly Rate

The Staff recommended a monthly rate of either \$30.66 (see page 2 of the Report) or \$30.67 (see the Appendix). In addition, the Staff Report at page 9 recommends an additional increase of \$4.05 to recognize annual sludge hauling expense of \$9,600 if Joann Estates agrees to certain conditions detailed on pages 8 and 9 of the Report. In response, Joann Estates agrees to 1.) expend \$9,600 annually on sludge hauling for a minimum of 5 years; 2.) file another rate case 5 years from the date of the Commission's Final Order in this case; 3.) report annual sludge hauling expenses in its PSC Annual Reports under Account Number 701-C; and 4.) include invoices with its PSC Annual Reports that support the amounts in Account 701-C. Adding \$4.05 to the \$30.67 recommended in the Appendix increases the recommended monthly rate to \$34.72, although we recognize that the final rate could change slightly depending upon the final cost of the insurance expense.

Insurance Expense

The Staff Report at page 20 recommends inclusion of \$4,251 in general liability insurance expense in the revenue requirement, conditioned upon Joann Estates providing proof of purchase when responding to this report, including a copy of the insurance policy, a vendor invoice showing the amount charged, and a copy of the cancelled check used to pay the invoice. As of today, Joann Estates is finalizing this purchase with the insurance agent, but is unable to provide this

evidence in sufficient time to meet the December 13, 2013 deadline for responding to the PSC Staff Report. **We will forward the requested proof immediately, as soon as it becomes available.**

Rental Expenses

Due to a lack of supporting documentation, the Staff Report at pages 13-15 recommended disallowance of \$6,790 in annual rental charges for the monthly use of a jetter, as well as other rental charges. Joann Estates recognizes that it did not provide adequate documentation in this case, and therefore does not contest the Staff's conclusion at this time. However, Joann Estates intends to better document these expenses in the future, in order to justify their inclusion in revenue requirements in future rate cases.

Again, we thank the Commission and its Staff for its timely processing of our case, and please don't hesitate to contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "B.G. Waid". The signature is fluid and cursive, with a large loop at the end.

B.G. Waid, President
Joann Estates Utilities, Inc.

JOANN ESTATES UTILITIES, INC.

6500 OLD US HIGHWAY 60 WEST
PADUCAH, KY 42001
(270) 744-3922

5493

EZShieldSM Check Fraud
Protection for Business

73-36-839

DATE 12-11-13

PAY
TO THE
ORDER OF

Nelson & Mrs. Agency Inc.

\$ 1203.⁸⁹

Twelve hundred and three and ⁸⁹/₁₀₀

DOLLARS

usbank. All of us serving youSM

FOR

25% of yearly premium - Down payment

B. J. Wood



Details on back
Security Features

⑈005493⑈ ⑆083900363⑆ 4837007659⑈



Environmental Services Package - ECO-PAK Policy Application

This application is for an Environmental Services Package Policy including General Liability, Contractors Pollution Legal Liability and / or Professional Liability.

"Claims-Made" or "Occurrence" Coverage is available specific to General Liability and Contractors Pollution Legal Liability Coverage. "Claims Made" Coverage is only offered for Environmental Professional Liability Coverage

PART 1 - COVERAGE REQUESTED

- COMMERCIAL GENERAL LIABILITY - OCCURRENCE
 - CPL - CONTRACTOR'S POLLUTION LIABILITY - OCCURRENCE
 - CPL - CONTRACTOR'S POLLUTION LIABILITY - CLAIMS MADE
 - PL - ENVIRONMENTAL PROFESSIONAL LIABILITY - CLAIMS MADE
 - EXCESS COVERAGE
- Retroactive Date: _____
Retroactive Date: _____

Proposed Effective Date: 12-13-13 Requested Limits: \$ 1,000,000
Requested Deductible: \$5,000 \$10,000 \$25,000 \$50,000 Other: \$ _____

PART 2 - APPLICANT INFORMATION

Named Insured: Joann Estates Utility Inc FEIN: _____ Date Established: 1976
DBA: _____ Web Site: N/A
Complete Mailing Address: 6500 Highway 60 W
Applicant is: Corporation Partnership Sole Proprietor Joint Venture Other (Specify) _____
 Owned by a Private Equity Firm (Specify) _____

List all Additional Insureds and their relationship to the applicant: _____
Contact Name/ Title / Phone: Todd Teas 270-564-8574 Contact Email Address: _____

PART 3 - EXPIRING INSURANCE PROGRAM

SUBMIT COPY OF CURRENT POLICY DECLARATIONS AND LIST OF ENDORSEMENTS. FOR ALL COVERAGES DESIRED, INCLUDE EFFECTIVE DATES, LIMITS, DEDUCTIBLES & RETROACTIVE DATES

1. Has any carrier refused to renew or initiated cancellation with respect to a policy issued to the applicant, associated business, or entity that an applicant has assumed the liabilities of? Yes No (If yes, provide details below)

PART 4 - APPLICANT HISTORY

1. Does the firm have: Subsidiaries Parent Company Other Related Entities If so, list here: _____
2. Has the applicant, affiliate, or predecessor entity ever been (or is currently) the subject of bankruptcy related restructuring, insolvency or other debtor related proceeding, or has it made an assignment for the benefit of creditors. Yes No If yes, explain.

PART 5 - REVENUE:

1. Estimated Gross Revenues for current fiscal year \$ 75,000 Next fiscal year \$ 115,000
Prior fiscal year \$ 75,000
2. Detailed geographic extent of operations: Domestic: 100 % Foreign _____ %
3. Describe operations outside of the United States and Canada, and include a list of countries where the operations occur. Also specify which states, within the United States, operations are conducted. _____
4. What percentage of estimated revenue is generated by subcontracting work to others 0 %
5. Will revenue be generated in this current fiscal year or the next fiscal year from new contracting, professional, technology services or from any new process? ^{NO} If yes, explain. _____

PART 6 – CLIENT TYPE: Specify below the applicants client type by percentage. Total must equal 100%.

Commercial	_____%	Industrial	_____%	Utilities	_____%
Residential	<u>100</u> %	Transportation	_____%	Chemical	_____%
Federal Government	_____%	State Government	_____%	Local Government	_____%
Developers	_____%	Private	_____%	Other: _____	_____%

Does any one client generate greater than 40% of total revenues for your firm? Yes No If Yes, please also circle type above.

PART 7 – STAFF Specify the total number of staff employed:

Total: _____			
Number of Directors/Principals	<u>1</u>	Architects or Environmental Engineers	_____
Industrial Hygienists	_____	Project Managers	_____
General Engineers	_____	Surveyors, Draftsmen, Technicians, Inspectors	_____
Geologists or Hydrogeologists	_____	Other Licensed Professionals	_____
Clerical Employees	_____	Administrative Management	_____

PART 8 – CLAIMS HISTORY

- Has the Applicant ever been subject to any claim by any client or other third party? Yes No
- In the past 3 years, has the Applicant or a related entity become aware of any circumstances that could result in a claim, suit or notice of incident being brought against them? Yes No
- In the past 3 years has the Applicant or any related entity been the subject of a disciplinary action as a result of their professional activities? Yes No

If "Yes" has been answered to any question in this section, provide the dates of all claims, actions, suits or notices; dates the acts, errors, omissions gave rise to the claims, suits, actions, or notices; names of all claimants; the nature of all claims, actions, suits or notices; the amounts initially demanded; the maximum amount of reserves established; and any/all final dispositions including all settlement amounts. Attach additional pages as is necessary.

PART 9 – CONTRACTED SERVICES: Please provide percentage of gross revenue derived from the following operations: (Total percentages for A, B, and C below must equal a cumulative 100%)

A. Professional Services

N/A

Asbestos Consulting	_____%	Civil Engineering	_____%
Construction Materials Testing	_____%	Environmental Engineering	_____%
Env. Permitting and Regulatory Compliance	_____%	Environmental Assessments – Phase I	_____%
Environmental Assessments – Phase II and III	_____%	Expert Witness Services	_____%
General Consulting	_____%	Geology and Hydrogeology Consulting	_____%
Geotechnical Engineering	_____%	HVAC / Mechanical / Electrical Design	_____%
Industrial Hygiene, Health and Safety Consulting	_____%	Lab Testing / Analysis	_____%
Lead Consulting	_____%	Mold Assessment and Abatement Consulting	_____%
Process Engineering	_____%	Remediation Design and Oversight	_____%
Sampling - Soil, Groundwater, Air	_____%	Software Consulting and Design	_____%
Surveying	_____%	Training	_____%
UST / Storage Tank Testing & Consulting Services	_____%	Waste Management Consulting	_____%
Wetlands Delineation	_____%	Technology Services	_____%
Water Treatment Design	_____%	Air Monitoring Services	_____%
Fracking / Hydraulic Fracking System Design	_____%	Other: _____	_____%

Do you offer Technology Services such as professional computer and electronic technology services offered, including data processing, Internet services, data and application hosting, computer system analysis, technology consulting and training, custom software programming, computer and software systems installation and integration and software support? Yes No

If yes, provide additional information about these services below.

B. Environmental Contracting Services

Asbestos Abatement	_____ %	Dredging and Marine Services	_____ %
Emergency Response	_____ %	Fuel Oil Delivery	_____ %
Hazardous Material and Waste Cleanup	_____ %	Industrial Cleaning	_____ %
Lab packing Drum Handling	_____ %	Landfill Operations / Maintenance	_____ %
Landfill Liner Installation	_____ %	Lead Abatement	_____ %
Medical Waste Pickup & Transportation	_____ %	Mold Abatement	_____ %
Monitoring Well Drilling	_____ %	PCB Handling / Removal	_____ %
Pesticide Applicator	_____ %	Potable Well Drilling	_____ %
Remediation Action Services	_____ %	Service Station Construction	_____ %
Septic Tank Cleaning	_____ %	Soil Excavation	_____ %
Soil, Groundwater Boring	_____ %	Thermal Treatment	_____ %
UST / Tank Cleaning & Removal	_____ %	Tank Installation - UST's	_____ %
Tank Installation - AST's	_____ %	Other: <u>Wastewater Treatment Plant</u>	<u>100</u> %
Fracking / Hydraulic Fracking	_____ %	Other: _____	_____ %

C. General Contracting Services

Bridge Construction	_____ %	Carpentry	_____ %
Concrete	_____ %	Demolition / Dismantling	_____ %
Drilling	_____ %	Electrical	_____ %
Excavation	_____ %	Fencing	_____ %
General Contracting	_____ %	Heavy Construction	_____ %
HVAC	_____ %	Hydroblasting	_____ %
Janitorial / Maintenance	_____ %	Mining	_____ %
Painting	_____ %	Pile Driving	_____ %
Pipe Installation / Cleaning	_____ %	Plumbing	_____ %
Project Management	_____ %	Restoration Services	_____ %
Rigging	_____ %	Roofing or Insulation	_____ %
Street or Road Services	_____ %	Tunneling	_____ %
Non-Environmental Construction Mgmt	_____ %	Other: _____	_____ %
Other: _____	_____ %	Other: _____	_____ %

PART 10 – OPERATING PRACTICES

- Does the Applicant use a standard written contract with its clients? Yes No (If yes, submit with this application)
- Does the Applicant use a standard written contract with its sub-contractors: N/A Yes No (If yes, submit with this application)
- Does the Applicant offer service representations & warranties: Yes No (If yes, submit applicable documentation)
- What % of the time do you require subcontractors to:
 - provide you proof they are insured for a minimum of \$1,000,000 in Commercial General Liability coverage? _____ %
 - provide you proof they are insured for a minimum of \$1,000,000 in Employers Liability coverage? _____ %
 - name you as an additional Insured? _____ %
 - obtain Waiver of Subrogation in your favor for workers compensation? _____ %
 - obtain a written agreement to hold you harmless and indemnify you to the greatest extent possible under the law? _____ %

5. Do you require your subcontractors to carry minimum limits of liability? Yes No N/A

If YES, please state minimums below:

General Liability _____ Pollution Liability _____ Professional Liability _____

OPTIONAL / NOT REQUIRED FOR APPLICANTS WITH REVENUES UNDER \$2,000,000

- How are non-standard client agreements reviewed? Outside Counsel Staff (In house) Attorney
- Does your firm have an in house continuing education program? (If yes, please describe) Yes No
- Does your firm select disposal sites for hazardous or non hazardous waste disposal? Yes No
- Does your firm arrange for the disposal of hazardous or non hazardous waste on behalf of clients? Yes No
- Does your firm own, operate or lease licensed waste treatment, storage or disposal facilities? Yes No
- Does your firm have personnel responsible for environmental compliance? Yes No
- Does your firm have a written Spill Prevention, Control and Countermeasure (SPCC) Plan Yes No
- Are your firm's personnel trained in the use of personal protective equipment? Yes No
- Does your firm ever make use of short term labor? Yes No

FRAUD WARNINGS

NOTICE TO ARKANSAS, LOUISIANA, AND WEST VIRGINIA APPLICANTS: Any person who knowingly and willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly and willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

NOTICE TO DELAWARE, FLORIDA IDAHO AND INDIANA APPLICANTS: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, files a statement of claim containing any false, incomplete or misleading information is guilty of a felony.

NOTICE TO MAINE, TENNESSEE, VIRGINIA AND WASHINGTON APPLICANTS: It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines, or denial of insurance benefits.

NOTICE TO ALASKA APPLICANTS: A person who knowingly and with intent to injure, defraud, or deceive an insurance company files a claim containing false, incomplete, or misleading information may be prosecuted under state law. A lack of the statement on a claim form does not constitute a defense to prosecution under this title.

NOTICE TO ARIZONA APPLICANTS: For your protection Arizona law requires the following statement to appear on this form. Any person who knowingly presents a false or fraudulent claim for payment of a loss is subject to criminal and civil penalties.

NOTICE TO CALIFORNIA APPLICANTS: For your protection, California law requires the following to appear on this form: Any person who knowingly presents false or fraudulent claim for the payment of a loss is guilty of a crime and may be subject to fines and confinement in state prison.

NOTICE TO COLORADO APPLICANTS: It is unlawful to knowingly provide false, incomplete or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claiming with regard to a settlement or award payable for insurance proceeds shall be reported to the Colorado Division of Insurance within the Department of Regulatory Agencies.

NOTICE TO DISTRICT OF COLUMBIA APPLICANTS: WARNING: It is a crime to provide false or misleading information to an insurer for the purpose of defrauding the insurer or any other person. Penalties include imprisonment and/or fines. In addition, an insurer may deny insurance benefits if false information materially related to a claim was provided by the applicant.

NOTICE TO FLORIDA APPLICANTS: Any person who knowingly and with intent to injure, defraud or deceive any insurance company files a statement of claim containing any false, incomplete or misleading information is guilty of a felony of the third degree.

NOTICE TO HAWAII APPLICANTS: For your protection, Hawaii law requires you to be informed that presenting a fraudulent claim for payment of a loss or benefit is a crime punishable by fines or imprisonment, or both.

NOTICE TO KENTUCKY APPLICANTS: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any materially false information or conceals, for the purpose of misleading information concerning any fact material thereto commits a fraudulent insurance act, which is a crime.

NOTICE TO MARYLAND APPLICANTS: Any person who knowingly and willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly and willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

NOTICE TO MINNESOTA APPLICANTS: A person who files a claim with intent to defraud or helps commit a fraud against an insurer is guilty of a crime

NOTICE TO NEW HAMPSHIRE APPLICANTS: Any person who, with a purpose to injure, defraud or deceive any insurance company, files a statement of claim containing any false, incomplete or misleading information is subject to prosecution and punishment for insurance fraud as provided in section 638:20.

NOTICE TO NEW JERSEY APPLICANTS: Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.

NOTICE TO NEW MEXICO APPLICANTS: Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to civil fines and criminal penalties.

NOTICE TO NEW YORK APPLICANTS: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.

NOTICE TO OHIO APPLICANTS: Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.

NOTICE TO OKLAHOMA APPLICANTS: WARNING: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.

NOTICE TO OREGON: Any person who, with INTENT TO DEFRAUD or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement MAY BE guilty of insurance fraud.

NOTICE TO PENNSYLVANIA APPLICANTS: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.

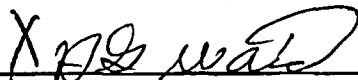
The applicant represents that the above statements and facts are true, that the information provided is accurate, and that no material facts have been suppressed or misstated.

All written statements and materials furnished in conjunction with this application are hereby incorporated by reference into this application and made a part hereof.

Completion of this application form does not bind coverage. Applicant's acceptance of the insurance company's quotation is required prior to binding coverage and policy issuance.

The individual signing below represents that the answers provided herein are based on personal knowledge or a reasonable inquiry and/or investigation.

I acknowledge by signature to this application that if I choose to cancel my policy, the return premium will be calculated subject to a minimum earned premium or subject to a short rate penalty, whichever is greater.

Signature:  Title: owner
Name: B.G. Waid Date: 12-11-13

(Please print)

December 10, 2013



Joanne Estates Utility Inc
Policy Number: TBD

**POLICYHOLDER DISCLOSURE
NOTICE OF TERRORISM INSURANCE COVERAGE**

Dear Applicant or Valued Policyholder:

You are hereby notified that under the Terrorism Risk Insurance Act, as amended, that you have a right to purchase insurance coverage for losses arising out of acts of terrorism, as defined in Section 102(1) of the Act. The term "act of terrorism" means any act that is certified by the Secretary of the Treasury - in concurrence with the Secretary of State, and the Attorney General of the United States - to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of an air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States government by coercion

YOU SHOULD KNOW THAT WHERE COVERAGE PROVIDED BY THIS POLICY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM, SUCH LOSSES MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THE FORMULA, THE UNITED STATES GOVERNMENT GENERALLY REIMBURSES 85% OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE. THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS COVERED BY THE FEDERAL GOVERNMENT UNDER THIS ACT.

YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A \$100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS' LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS \$100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED \$100 BILLION, YOUR COVERAGE MAY BE REDUCED.

Acceptance or Rejection of Terrorism Insurance Coverage

I HEREBY ELECT TO PURCHASE coverage for Acts of Terrorism, as defined by the Act, for an additional premium of 1%, subject to a minimum of \$250.

I DECLINE to purchase coverage for certified acts of terrorism. I understand that I will have no coverage for losses resulting from certified acts of terrorism.

X Applicant Signature: [Handwritten Signature]
Title: owner

Print Name: B.G. Ward
Date: 12-11-13

Insurance Company: Hudson Specialty Insurance Company

Policy Number: TBD