

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF CITY OF)	
FALMOUTH, KENTUCKY AND EAST)	CASE NO.
PENDLETON WATER DISTRICT FOR)	2010-00313
AN ORDER APPROVING TRANSFER OF)	
SEWER UTILITY)	

COMMISSION STAFF'S FIRST INFORMATION
REQUEST TO THE CITY OF FALMOUTH

The City of Falmouth, Kentucky ("Falmouth"), pursuant to 807 KAR 5:001, is to file with the Commission the original and 10 copies of the following information, with a copy to all parties of record. The information requested herein is due on or before October 29, 2010. 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.

Falmouth shall make timely amendment to any prior response if it obtains information which 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 Falmouth fails or refuses to furnish all or part of the requested information, Falmouth 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. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations.

1. How long has Falmouth been operating a Wastewater Treatment Plant (“WTP”)?
2. How many certified WTP operators (“Operator”) does Falmouth employ?
3. For each Operator employed by Falmouth, provide the following information:
 - a. Length of employment the Operator has with Falmouth, including all prior positions and current position.
 - b. How long has the Operator held a license as an Operator?
 - c. Describe the Operator’s qualifications for this position.
 - d. Describe the Operator’s experience in this position with Falmouth.
 - e. Describe the Operator’s previous experience, including where employed, position held, and length of employment for each prior job.
4. Has Falmouth’s WTP been cited for any discharge violations?
 - a. If so, by which governmental agency?

- b. What was each violation?
- c. When did each violation occur?
- d. When was each violation cleared?
- e. How was each violation cleared?

5. Refer to the Sanitary Sewer User Ordinance that is attached to the Joint Application as Exhibit 11, which states that it will govern the introduction of sewage into its system by the proposed construction:

- a. When was the Ordinance passed by the Falmouth City Council?
- b. Who was the author of the Ordinance?
- c. What training have Falmouth's employees received on how to incorporate the detailed information contained in the Ordinance in the day-to-day operation of the WTP?

6. Does Falmouth intend to retain any of the current employees of East Pendleton Water District ("East Pendleton")? If yes, list their names and positions.

7. What is the value of the real property that is proposed to be transferred from East Pendleton to Falmouth as described in the draft Deed attached to the Joint Application as Exhibit 12?

8. What is the value of the property that is proposed to be transferred from East Pendleton to Falmouth as described in the draft Quitclaim Deed of Dedication attached to the Joint Application as Exhibit 12A?

9. What is the value of the property that is proposed to be transferred from East Pendleton to Falmouth as described in the draft Bill of Sale attached to the Joint Application as Exhibit 12B?

10. If Falmouth acquires East Pendleton, who will be the certified operator(s) of the WTP?

11. Based on the Financial Statements on page 31 of your Fiscal Year 2009 audit, it appears that the city's sewer operations are operating with a net loss of (\$76,912) and a negative cash flow from operations of (\$23,811), not including future principal payments on the long-term Kentucky Infrastructure Authority debt of \$2,812,255.

a. If this is incorrect, provide a revised calculation for the sewer operation's net income and cash flow from operations, and provide any explanations necessary to provide a full understanding of that calculation.

b. If this is correct, or if your revised calculations result in a negative cash flow or a net operating loss from operations, state and explain the basis for Falmouth's assertion that it currently has the financial ability to acquire and operate the sewer system of East Pendleton.

12. Will the funds generated from the difference between Falmouth's rates for city residents and East Pendleton's rates be the only source of financing for the \$564,836 Oak Haven Extension Project shown on the Construction Estimate, Exhibit 4 of the Joint Application?

a. Will the customers of East Pendleton be the only beneficiaries of this construction project?

b. If East Pendleton's customers are not the only beneficiaries, are these other beneficiaries going to contribute to the construction cost? What is their anticipated portion of this debt?

c. If no one else is going to contribute to the construction cost, explain why not.

13. When does Falmouth intend to reduce East Pendleton's rates to the level of Falmouth's rates for its citizens? If Falmouth does not intend to reduce East Pendleton's rates to those paid by Falmouth's city customers, explain why not.

14. East Pendleton's current tariff is attached to the Joint Application as Exhibit 9. Page two of the exhibit is a list of the rates and charges for "Special Non-Recurring Charges."

a. Does Falmouth intend to charge current customers of East Pendleton, and any new customers who would have been customers of East Pendleton, for any of the nonrecurring charges? If so, which ones?

b. Do Falmouth's city customers pay for nonrecurring charges? If the answer is yes, list the nonrecurring charges and the amounts paid.

15. Refer to the Joint Application, Exhibit 7, Oak Haven Extension Depreciation Schedule:

a. How was the original value established?

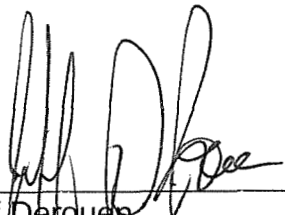
b. Who prepared the depreciation schedule?

c. When was the depreciation schedule prepared?

16. Refer to the Joint Application, Exhibit 6, Oak Haven Extension Pump Station Operational Costs:

a. Who supplied the data that is contained in this exhibit?

b. Who prepared the exhibit, if not the same person as in (a)?



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DATED: OCT 22 2010

cc: Parties of Record

Case No. 2010-00313

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