

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF ORCHARD)	
GRASS UTILITIES, INC. AND OLDHAM)	
COUNTY SEWER DISTRICT FOR APPROVAL)	CASE NO.
OF THE TRANSFER OF WASTEWATER)	2004-00029
TREATMENT FACILITIES PURSUANT TO)	
AN ASSET PURCHASE AGREEMENT)	
BETWEEN THE PARTIES)	

DATA REQUEST OF COMMISSION STAFF
TO ORCHARD GRASS UTILITIES, INC.
AND OLDHAM COUNTY SEWER DISTRICT

Orchard Grass Utilities, Inc. ("Orchard Grass") and Oldham County Sewer District ("Oldham District") (collectively "Joint Applicants"), pursuant to 807 KAR 5:001, are requested to file with the Commission the original and 8 copies of the following information, with a copy to all parties of record. The information requested herein is due March 8, 2004. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the person who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information herein has been previously provided, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

1. In the Joint Application for Approval of Transfer ("Joint Application") and the documents appended thereto, there is a discrepancy in the name of the acquirer.

State whether the proper name of the acquirer is Oldham County Sewer District or Oldham County Sanitation District.

2. Refer to the Joint Application, Paragraph 2, page 2, wherein the Joint Applicants state that a copy of the resolution of the Oldham County Sewer District Board of Directors authorizing the transfer is attached. The attached resolution is unsigned. Has the proper Board of Directors authorized the transfer?

a. If yes, provide a copy of the signed resolution.

b. If no, explain why the Board of Directors has not authorized the transfer.

3. Refer to the Joint Application, Paragraph 4, which states that Willow Creek wastewater treatment plant currently serves 335 customers in Oldham and Jefferson counties. State the number of customers currently served by Willow Creek in Jefferson County.

4. Refer to KRS 220.285, which provides:

The board of directors of a sanitation district may make contracts or other arrangements to provide for the collection, disposal and treatment of sewage and other liquid wastes produced outside of the district, as the board of directors may determine; provided, **however, that this does not authorize a sanitation district to provide sewer service within a city of the first class except with permission of the board of aldermen of such city.**

(Emphasis Added)

State whether Oldham District has received permission from the board of aldermen of the Louisville Metro Government to provide service to the Jefferson County residents who are currently served by Willow Creek.

a. If yes, provide the documentation to support the response.

b. If no, explain why Oldham District has not obtained such permission.

5. The plant assets of Orchard Grass and the Willow Creek Sewer System had a combined recorded net utility plant value of \$1,758 on December 31, 2002 (original cost of \$375,367 less accumulated depreciation of \$373,609). According to the Agreement for Purchase and Sale of Corporate Stock filed with the application, Oldham District is going to pay \$675,000 for the two wastewater treatment plants. What impact will the difference between the purchase price and the net utility plant value have on the rates of the customers of Orchard Grass and Willow Creek Sewer System?

6. In the event the Commission approves the transfer to Oldham District, explain what recourse the customers in the Willow Creek subdivision in Jefferson County will have if they experience problems.

7. Describe how Oldham District and Orchard Grass determined the purchase price set forth in the Agreement for Purchase and Sale of Corporate Stock.

8. Provide a list of the individuals involved in the negotiations between Oldham District and Orchard Grass, including the relationship of each to Oldham District and/or Orchard Grass.

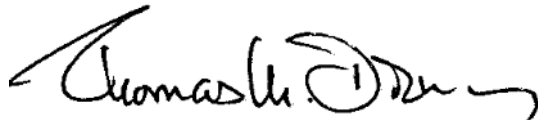
9. Provide copies of any correspondence, memoranda or other documents describing the negotiations between Oldham District and Orchard Grass.

10. Refer to the February 23, 2004 letter from Rick Rash, Oldham County Magistrate, written in support of Oldham District's purchase of Orchard Grass.

a. In his letter, Mr. Rash states that "[t]he addition of another 1,050 customers should allow us to lower the rate." Provide a detailed explanation as to why

the ratepayers of Orchard Grass should subsidize the rates of the other subdivisions being served by Oldham District.

b. Provide a comparison of the rates currently being charged to the customers of Orchard Grass with the average bill using the current Oldham District rates. Include all workpapers, calculations, and assumptions used in the comparison.



Thomas M. Dorman
Executive Director
Public Service Commission
P. O. Box 615
Frankfort, Kentucky 40602

DATED: March 1, 2004

cc: Parties of Record