

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF RIDGELEA INVESTMENTS,) CASE NO.
INC. FOR ALTERNATIVE RATE ADJUSTMENT) 2009-00500

COMMISSION STAFF'S SECOND INFORMATION REQUEST
TO RIDGELEA INVESTMENTS, INC.

Ridgelea Investments, Inc. ("Ridgelea"), pursuant to 807 KAR 5:001, is to file with the Commission the original and six copies of the following information, with a copy to all parties of record. The information requested herein is due within 15 days of the date of this information request. 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 the 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.

Ridgelea 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 Ridgelea

fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

All tax identification numbers along with social security numbers, dates of birth, and e-mail addresses of individuals should be redacted from material to be filed herein. Otherwise, careful attention shall 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. Refer to Ridgelea's Response to the Commission Staff's First Information Request, Item 7.

a. For each account listed in Table 1 below, provide a schedule that lists each item recorded in the account. The list should include the date the service was provided, invoice date, invoice number, the date the invoice was paid, the check number, the vendor name, a brief description of the service(s) provided, and the amount billed. The total for each schedule should equal the amount listed in the Table for that account.

Table 1	
<u>Account Title</u>	<u>Amount</u>
a. Maintenance Repairs	\$ 34,712
b. Sludge Hauling	\$ 1,715
c. Taxes	\$ 1,336
d. Legal Fees	\$ 25,652
e. Permits & Assessments	\$ 900
f. Miscellaneous	\$ 122
g. Accounts Payable – Repairs & Maintenance	\$ 54,740

b. For each account listed in Table 1 above, provide copies of the invoices that support each account schedule.

2. Refer to Ridgelea's Response to the Commission Staff's First Information Request, Item 10(b). Explain why the contract dated August 30, 2009 with Mr. Greg Mayeux does not include the operator fee of \$500 per month.

3. Refer to Ridgelea's Response to the Commission Staff's First Information Request, Item 10(d). Provide documentation to support Ridgelea's statement that Mr. Mayeux visits each of the three Franklin County treatment plants four days per week.

4. Refer to Ridgelea's Response to the Commission Staff's First Information Request, Item 10(c).

a. Explain why Ridgelea contacted Hall Consultants, rather than the Division of Water, to confirm that Hall Consultants meets the requirements of the Agreed Order.

b. Provide documentation from the Division of Water to show that Hall Consultants is an acceptable contractor.

c. Ridgelea states that it "did an Internet search and asked various parties about potential contractors for this work." Explain how this approach would satisfy the Division of Water's requirement that the contractor be approved by the Division.

d. Provide copies of any other bids that were received.

5. Refer to Ridgelea's Response to the Commission Staff's First Information Request, Item 12. In Case No. 2007-00436, the Commission placed "Farmdale on notice that in any future rate proceeding it will be required to demonstrate the reasonableness of its agency collection fee expense and to show that it has undertaken reasonable efforts to develop an alternative to its present collection methods, including the conducting of its own

billing and collection.”¹ Explain how Ridgelea’s proposal to “recover the increased regulatory mandates in this case through a surcharge,” Ridgelea’s failure to explore the possibility of performing its own billing, or its failure to perform a cost/benefit analysis shows that it has undertaken reasonable efforts to develop an alternative billing and collection method.

6. Refer to Ridgelea’s Response to the Commission Staff’s First Information Request, Item 15, and to the Perfect-A-Waste Sewage invoices attached to the application.

a. In its response to 15(a), Ridgelea states that it purchased \$1,829 of paint from an outside vendor. However, the Perfect-A-Waste Sewage invoices show that Ridgelea was charged \$4,798 for “Paint, Equipment Rental, Shop Supplies, and Misc. Materials.”

(1) Provide a schedule that lists each item that is included in the \$4,798 that was billed to Ridgelea and include copies of invoices to support each item listed on the schedule.

(2) If Ridgelea purchased the paint from an outside vendor, explain why Perfect-A-Waste Sewage billed Ridgelea for the paint.

b. Ridgelea states that it had to use “two to four laborers” over two weekends to meet the September 30, 2009 deadline. Explain why the Perfect-A-Waste Sewage invoices are dated December 2, 2009.

c. In its response, Ridgelea states that it “paid laborers \$20 per hour to paint, weld, and do other labor, and the \$20 is substantially below the rate normally

¹ Case No. 2007-00436, Application of Farmdale Development Corporation for an Adjustment in Rates Pursuant to the Alternative Rate Filing Procedure for Small Utilities (Ky. PSC Jul. 30, 2008).


charged by Perfect-A-Waste.” If Ridgelea directly paid the laborers \$20 per hour, explain why Ridgelea was billed \$65 per hour by Perfect-A-Waste Sewage for the same service.

d. Provide a schedule that lists each contract laborer used to paint the Ridgelea treatment plants, the dates each employee worked, the hours each laborer worked each day listed, the hourly rate paid to the laborer, and the daily total paid to each laborer.

e. Provide documentation to support Ridgelea’s statement that it “believes a three-year recovery rather than a longer recovery period is appropriate.”

f. Ridgelea stated at the informal conference that the walls of the treatment plants were pressure-washed and then an epoxy was applied. Explain how pressure-washing the plants and then applying an epoxy is a reasonable method that will insure the plants’ longevity.

g. Provide an estimate of the impact the painting of the treatment plants will have on their projected longevity. Include documentation to support Ridgelea’s estimate.



Jeff Dereuen
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DATED: MAY 12 2010

cc: Parties of Record

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