

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 EAST PENDLETON WATER DISTRICT

East Pendleton Water District ("East Pendleton"), 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.

East Pendleton 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 East Pendleton fails or refuses to furnish all or part of the requested information, East Pendleton 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. The East Pendleton Water District Resolution attached to the Joint Application as Exhibit 14 was signed by Leslie Herbst, Chairman, on April 6, 2010. The Joint Application was filed with the Commission on August 4, 2010.

a. At the time the Board of Commissioners authorized the Chairman to execute the Verified Application, were the terms of the application known to the Commissioners?

b. If yes, provide any Board minutes where the specific terms were discussed or approved.

c. If not, explain why they were not.

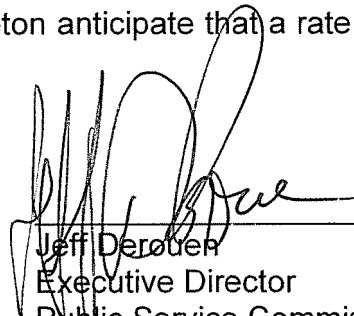
2. Who was involved in the negotiation process that established the terms of the Joint Application?

a. For East Pendleton?

b. For Falmouth?

3. When did the negotiations take place?

4. Where were the negotiations held?
5. What is the value of the real property that is proposed to be transferred from East Pendleton to the City of Falmouth ("Falmouth"), described in the draft Deed attached to the Joint Application as Exhibit 12?
6. What is the value of the property that is proposed to be transferred from East Pendleton to Falmouth, described in the draft Quitclaim Deed of Dedication attached to the Joint Application as Exhibit 12A?
7. What is the value of the property that is proposed to be transferred from East Pendleton to Falmouth, described in the draft Bill of Sale attached to the Joint Application as Exhibit 12B?
8. Describe why East Pendleton agreed to sell the property that is included in the Deed, the Quitclaim Deed of Dedication, and the Bill of Sale for \$1.00 each, with no provision or offset for the customers' rates.
9. Without the transfer, would East Pendleton's sewer operations require an upgrade in its infrastructure to provide adequate, efficient, and reasonable service to its customers?
 - a. If yes, described the needed upgrades and the associated costs involved.
 - b. If yes, does East Pendleton anticipate that a rate adjustment would be needed?



Jeff Derouen
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

DATED: OCT 22 2010

cc: Parties of Record

Honorable Henry Watson, III
Attorney at Law
525 High Street, Suite 328
Paris, KY 40361

Honorable Judy M Wright
217 West Shelby Street
P.O. Box 303
Falmouth, KY 41040