

CASE

NUMBER:

99-331

INDEX FOR CASE: 1999-331
P. R. WASTEWATER MANAGEMENT, INC.
Rates - ARF
PERSIMMON RIDGE AREA

IN THE MATTER OF THE ALTERNATIVE RATE FILING OF
P. R. WASTEWATER MANAGEMENT, INC.

SEQ NBR	ENTRY DATE	REMARKS
0001	08/03/1999	Application.
0002	08/06/1999	Acknowledgement letter.
M0003	08/10/1999	PATTIE HEADY/CUSTOMER-MOTION TO INTERVENE
M0002	08/11/1999	JOHN MANN CITIZEN-REQUEST FOR INTERVENTION
M0001	08/12/1999	JOE BURKHARDT CITIZEN-REQUEST FOR INTERVENTION
0003	08/19/1999	Order granting motion to intervene by Attorney General.
0004	08/19/1999	Order granting motions of Burkhardt and Mann to intervene.
0005	08/20/1999	No deficiencies letter
M0004	08/30/1999	MARIE K. EDWARDS/CUSTOMER-MOTION TO INTERVENE
M0005	09/09/1999	AG DAVID SPENARD-INITIAL REQUEST FOR INFORMATION BY THE AG
0006	09/14/1999	Order granting motions of Marie Edwards and Pattie Heady to intervene.
0007	09/17/1999	Staff Report Order; comments or request for hearing/IC due 9/27.
M0014	09/21/1999	LAWREN JUST-RESPONSE TO THE REG FOR INFORMATION
M0008	09/24/1999	DAVID SPENARD/ATTORNEY GENERAL-WRITTEN COMMENTS TO REPORT OF COMMISSION STAFF
M0006	09/27/1999	PATTIE HEADY/CITIZEN-REQUESTING COPIES SUPPLIED FROM ATTORNEY GENERAL
M0009	09/28/1999	JOHN MANN CITIZEN-REQ TO RESERVE RIGHT TO ASK FOR FORMAL OR INFORMAL (FAX)
M0010	10/01/1999	JOHN MANN CITIZEN-REQ TO RESERVE RIGHT TO ASK FOR A FORMAL INFORMAL OR WRITTEN COMMENTS
M0011	10/04/1999	PATTIE HEADY CITIZEN-MOTION FOR CLARIFICATION DISCLOSURE & ENLARGEMENT OF TIME
M0012	10/05/1999	JOHN MANN CITIZEN-WRITTEN COMMENTS ON APPLICATION, STAFF REPORT, & INFO REQ
M0013	10/06/1999	LAWREN JUST PR WASTEWATER MANAGEMENT-WRITTEN RESPONSE TO INQUIRY OF AG
M0015	10/11/1999	JOHN MANN INTERVENOR-WRITTEN COMMENTS ON INFORMATION REQ & STAFF REPORT
0008	11/01/1999	Letter to Pattie Heady on 10/27 re: copies of documents.
M0016	11/05/1999	PATTIE HEADY-RESPONSE TO PSC INQUIRY DATED OCT 27,99
0009	11/09/1999	Order scheduling an IC on 11/18/99 at 10:00 in Conference Room 2.
M0017	01/14/2000	LAWREN JUST PR WASTEWATER MANAGEMENT-COPY OF MINUTES OF MEETING OF N SHELBY WATER CO REGARD
0010	01/19/2000	IC memo; comments, if any, due 2/1/2000.
0011	03/17/2000	Order directing that requests for hearing due 3/27 or case stands submitted.
0012	05/18/2000	Final Order adopting the findings in the Staff Report & approving rates in App.



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
211 SOWER BOULEVARD
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

CERTIFICATE OF SERVICE

RE: Case No. 1999-331
P. R. WASTEWATER MANAGEMENT, INC.

I, Stephanie Bell, Secretary of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the following by U.S. Mail on May 18, 2000.

See attached parties of record.

Stephanie J. Bell

Secretary of the Commission

SB/hv
Enclosure

Ms. Lawren A. Just
President
PR Wastewater Management, Inc.
253 Persimmon Ridge Drive
Louisville, KY. 40245

Mr. Joe Burkhardt
15 Oak Tree Lane
Louisville, KY. 40245

John B. Mann,
Intervenor
18 Oak Tree Lane
Louisville, KY. 40245

Honorable David E. Spenard
Assistant Attorney General
1024 Capital Center Drive
Frankfort, KY. 40601 8204

Pattie Heady
251 Persimmon Ridge Drive
Louisville, KY. 40245

Marie K. Edwards
3 Oak Tree Lane
Louisville, KY. 40245

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF P.R. WASTEWATER)
MANAGEMENT, INC. FOR A RATE ADJUSTMENT) CASE NO.
PURSUANT TO THE ALTERNATIVE RATE FILING) 99-331
PROCEDURE FOR SMALL UTILITIES)

ORDER

On August 3, 1999, P.R. Wastewater Management, Inc. ("P.R.") filed an application for Commission approval to increase its monthly flat rate of \$17.69 by \$8.61 to \$26.30 or 48.67 percent. The proposed rates will generate additional annual revenues of \$13,683, an increase of 58.07 percent above normalized operating revenues.

By Order dated September 17, 1999, the Commission issued a Staff Report that was prepared upon review of P.R.'s test-year operations. Staff's report recommended that P.R.'s requested increase be granted. The Order directed all parties to file comments on the Staff Report or request a hearing or informal conference within 10 days of the date of the Order or the case would stand submitted. The Commission received comments from several of the intervenors.

On November 18, 1999, an informal conference was scheduled to discuss P.R.'s application, Staff's report and the comments thereto. Present at the conference were members of Commission Staff, Lawren Just and Lisa Bush of P.R., David Spenard from the Office of Attorney General, and Intervenors John Mann and Joe Burkhardt. Intervenors Pattie Headie and Marie Edwards were not in attendance.

A memorandum summarizing the discussion at the conference was entered into the record and delivered to all parties on January 19, 2000. The memorandum noted that all intervening parties present at the conference would agree to the contents of the Staff Report if P.R. agreed to submit a rate application once 170 single-family residences are occupied or under construction or in three years, whichever first occurs. P. R. agreed. Commission Staff advised the parties that if a Settlement Agreement was entered into, it must include all parties of record, including those not in attendance at the conference. To date the Commission has not received a Settlement Agreement.

On March 17, 2000, the Commission issued an Order stating that any party desiring a public hearing in this matter should file a written request within 10 days or the case would stand submitted. No such request was received.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that:

1. The recommendations and findings contained in the Staff Report are supported by the evidence of record, are reasonable, and should be adopted as the findings of the Commission.

2. The rates set forth in Appendix A will produce annual revenue from sewer service of \$37,246.

IT IS THEREFORE ORDERED that:

1. The findings contained in the Staff Report are adopted and incorporated by reference into this Order as if fully set out herein.

2. The rates set forth in Appendix A are approved for service rendered by P.R. on and after the date of this Order.

3. Within 30 days of the date of this Order, P.R. shall file with the Commission its revised tariff setting out the rates approved herein.

Done at Frankfort, Kentucky, this 18th day of May, 2000.

By the Commission

ATTEST:


Executive Director

Deputy

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 99-331 DATED MAY 18, 2000

The following rates and charges are prescribed for the customers in the area served by P.R. Wastewater Management, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Sewer Rates

Residential	\$26.30
NonResidential	26.30 per residential equivalent of 12,000 gallons



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
211 SOWER BOULEVARD
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

March 17, 2000

To: All parties of record

RE: Case No. 1999-331

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Bell".

Stephanie Bell
Secretary of the Commission

SB/hv
Enclosure

Ms. Lawren A. Just
President
PR Wastewater Management, Inc.
253 Persimmon Ridge Drive
Louisville, KY 40245

Mr. Joe Burkhardt
15 Oak Tree Lane
Louisville, KY 40245

John B. Mann,
Intervenor
18 Oak Tree Lane
Louisville, KY 40245

Honorable David E. Spenard
Assistant Attorney General
1024 Capital Center Drive
Frankfort, KY 40601 8204

Pattie Heady
251 Persimmon Ridge Drive
Louisville, KY 40245

Marie K. Edwards
3 Oak Tree Lane
Louisville, KY 40245

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF P. R. WASTEWATER)
MANAGEMENT, INC. FOR A RATE ADJUSTMENT) CASE NO. 99-331
PURSUANT TO THE ALTERNATIVE RATE FILING)
PROCEDURE FOR SMALL UTILITIES)


O R D E R

IT IS HEREBY ORDERED that any party desiring a public hearing in this matter shall file, within 10 days of the date of this Order, a written request for a hearing. The request shall state in detail and with specificity each factual issue he plans to pursue at the hearing. If no request is made, the case shall stand submitted to the Commission for a decision on the record without further Order.

Done at Frankfort, Kentucky, this 17th day of March, 2000.

By the Commission

ATTEST:


Executive Director



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KENTUCKY 40602
www.psc.state.ky.us
(502) 564-3940
Fax (502) 564-3460

Ronald B. McCloud, Secretary
Public Protection and
Regulation Cabinet

Martin J. Huelsmann
Executive Director
Public Service Commission

Paul E. Patton
Governor

January 19, 2000

Ms. Lawren A. Just
P.R. Wastewater Management, Inc.
253 Persimmon Ridge Drive
Louisville, Kentucky 40245

Mr. David E. Spenard
Assistant Attorney General
1024 Capital Center Drive
Frankfort, Kentucky 40601-8204

Mr. Joe Burkhardt
15 Oak Tree Lane
Louisville, Kentucky 40245

Ms. Pattie Heady
251 Persimmon Ridge Drive
Louisville, Kentucky 40245

Dr. John B. Mann
18 Oak Tree Lane
Louisville, Kentucky 40245

Ms. Marie Edwards
3 Oak Tree Lane
Louisville, Kentucky 40245

Re: P.R. Wastewater Management, Inc.
Case No. 99-331

Ladies and Gentlemen:

Attached is a copy of the memorandum that is being filed into the record of the above-referenced case. If you have any comments that you would like to make regarding the contents of the informal conference memorandum, please do so within ten days of receipt of this letter. Should you have any questions regarding same, please contact Anita Mitchell at (502) 564-3940.

Sincerely,


Martin J. Huelsmann
Executive Director

Attachment
cc Main Case File

P.S. Answers from P.R. Wastewater to the interrogatories propounded by the Attorney General were requested by Ms. Heady have been enclosed in her letter.



AN EQUAL OPPORTUNITY EMPLOYER M/F/D

INTRA-AGENCY MEMORANDUM
KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File No. 99-331

FROM: Anita Mitchell
Staff Attorney

DATE: January 19, 1999

RE: Conference of November 18, 1999

On November 18, 1999, the Commission held a conference in this case at the Commission's offices in Frankfort, Kentucky. Present were:

John Mann	Intervenor
Joe Burkhardt	Intervenor
Lawren Just	P. R. Wastewater
Lisa Bush	P. R. Wastewater
David Spenard	Office of Attorney General
Mark Frost	PSC
Sam Reid	PSC
Renee Curry	PSC
Anita Mitchell	PSC

Beginning the conference, Anita Mitchell explained the procedure and stated that Commission Staff would prepare minutes of the conference for the case record, that a copy of the minutes would be provided to all parties, and that all parties would have the opportunity to submit written comments upon the minutes.

Ms. Mitchell explained to the participants that the conference was scheduled to provide Commission Staff and the parties the opportunity to meet and discuss the issues raised by the intervenors.

A brief discussion was held regarding the application process and the fact that a utility may, pursuant to 807 KAR 5:076, Section 3, request Commission assistance in preparing its application.

A discussion was then held concerning the owner/manager fee. Mark Frost of Commission Staff explained that the \$3,600 recommended for the owner/manager fee is typical. He explained that the responsibilities of a owner/manager of a sewer system are similar to that of a water commissioner of a water district and that water

commissioner's salaries are set by statute at \$3,600. Ms. Just stated that she has never taken the owner/manager fee. She explained that the fee has simply accrued.

The participants then discussed North Shelby Water Company ("North Shelby") doing the billing and collection for P.R. Wastewater. Ms. Just stated that she had contacted North Shelby to see if North Shelby would be interested in doing the billing and collection for P.R. Wastewater, but stated that she had not received a response. She stated that as soon as she heard something from them she would advise the Commission. Ms. Just stated that even if North Shelby agreed to do the billing and collection, there would be some accounting required of P.R. Wastewater.

Mr. Mann questioned why the interest on long-term debt was calculated using 5 years rather than the full mortgage period. Mr. Frost explained that the interest is calculated using the period of time the rates are expected to be in effect.

A discussion was held on whether the sewage charge should be based on water usage. It was noted that water usage records are not available to P.R. Wastewater. It was also noted that the Department of Water requires plant capacity to be based on the number of residential customers to be served and that operational costs depend on plant capacity, not individual customer usage. Ms. Just proposed that the clubhouse be assessed on a residential equivalent basis to lessen any subsidization.

Mr. Spenard asked Mr. Mann and Mr. Burkhardt if they would agree to Commission Staff's recommendation if they were given assurance by the utility that it will come back in for review at a certain point in time. They stated that they were agreeable if P.R. Wastewater would agree to come back in for review when 170 single-family residences are occupied or under construction or in three years, whichever first occurs. Commission Staff advised the participants that if a Settlement Agreement is entered into it must include all parties of record, including those not in attendance at the informal conference.

The conference was adjourned.

PR WASTEWATER MANAGEMENT, INC.
253 PERSIMMON RIDGE DRIVE
LOUISVILLE, KY 40245
502-241-9890

January 10, 2000

RECEIVED
JAN 14 2000
PUBLIC SERVICE
COMMISSION

Ms. Stephanie Bell
Secretary, Public Service Commission
730 Schenkel Lane
PO Box 615
Frankfort, KY 40602

RE: Case No. 99-331

Dear Ms. Bell,

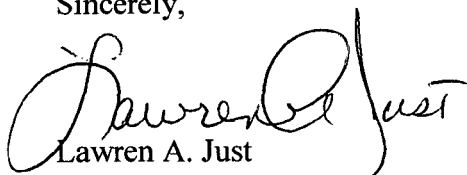
Enclosed is a copy of the minutes of the meeting of N. Shelby Water Company, indicating discussion regarding the billing for PR Wastewater Management. As shown in the minutes, N. Shelby will bill the customers of PR Wastewater Management at \$1.00 per customer. We would certainly welcome this help in administration for our company.

What everyone needs to remember is that even though it would be of help for N. Shelby to handle the billing of PR Wastewater customers, it does not eliminate the need for office support. There are still on-going office matters that need to be addressed outside the monthly billings.

I was under the impression that after the November 18th informal hearing, our case would move more quickly to be addressed. To date, I have not received even the minutes of the informal hearing. The rate adjustment request was done because the company is operating on insufficient funds. Our initial filing was date-stamped August 3rd, 1999. With each passing month, the company falls further behind in its payables.

It would be appreciated if the Commission could give some indication as to when this request will be considered. If you should need further information from me, please do not hesitate to let me know.

Sincerely,



Lawren A. Just
President, PR Wastewater Management, Inc.

Enclosure

Copies to:

Mr. Joe Burkhardt
15 Oak Tree Lane
Louisville, KY 40245

Mr. John B. Mann
18 Oak Tree Lane
Louisville, KY 40245

Honorable David E. Spenard
Assistant Attorney General
1024 Capital Center Drive
Frankfort, KY 40601

Ms. Pattie Heady
251 Persimmon Ridge Drive
Louisville, KY 40245

Ms. Marie Edwards
3 Oak Tree Lane
Louisville, KY 40245

FROM : MRP PSC

PHONE NO. : 502 633 0667

Nov. 19 1999 04:48AM P1

MATHIS, RIGGS & PRATHER, P.S.C.

ATTORNEYS AT LAW

500 MAIN STREET · P.O. BOX 1050

SHELBYVILLE, KENTUCKY 40068-1050

C. LEWIS MATHIS, JR.
T. SHERMAN RIGGS
DONALD T. PRATHER

HAROLD Y. SAUNDERS
OF COUNSEL

TELEPHONE: (502) 633-5220
FAX: (502) 633-0687

September 12, 1995

Lauren Just
Persimmon Ridge

VIA FACSIMILE: (502) 243-3297

RE: Persimmon Ridge Sewer Billing

Dear Ms. Just:

Pursuant to your request I enclose a copy of the October 18, 1999 Minutes. Although these Minutes are unsigned, they were approved by the Board at its November 15, 1999 meeting and remain in effect.

Yours truly,

MATHIS, RIGGS, PRATHER, P.S.C.

By: 

Donald T. Prather

DTP/kr

cc: North Shelby Water Company
2wcr\na\ljust.ltr

4. Persimmon Ridge Sewer Billing. Dees recommends North Shelby propose providing billing services at \$1.00 per customer plus regular service charges (collection fees, water turn-off and water turn-on). This was approved by the Board.

5. Drane Lane. Dees has provided measurements to developer and is waiting on their reaction. He expects they will dramatically downsize their development to avoid replacing the water line. He will continue to talk to Mr. Koch about participating in the construction of the line on Drane Lane to create a looped line.



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

November 9, 1999

To: All parties of record

RE: Case No. 99-331

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Bell".

Stephanie Bell
Secretary of the Commission

SB/hv
Enclosure

Ms. Lawren A. Just
President
P. R. Wastewater Management, Inc.
253 Persimmon Ridge Drive
Louisville, KY 40245

Mr. Joe Burkhardt
15 Oak Tree Lane
Louisville, KY 40245

John B. Mann,
Intervenor
18 Oak Tree Lane
Louisville, KY 40245

Honorable David E. Spenard
Assistant Attorney General
1024 Capital Center Drive
Frankfort, KY 40601 8204

Pattie Heady
251 Persimmon Ridge Drive
Louisville, KY 40245

Marie K. Edwards
3 Oak Tree Lane
Louisville, KY 40245

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF P. R. WASTEWATER)
MANAGEMENT, INC. FOR A RATE ADJUSTMENT) CASE NO. 99-331
PURSUANT TO THE ALTERNATIVE RATE FILING)
PROCEDURE FOR SMALL UTILITIES)

O R D E R

The Commission, on its own motion, HEREBY ORDERS that an informal conference shall be held November 18, 1999 at 10:00 p.m., Eastern Standard Time, in Conference Room 2 of the Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky, to discuss the issues raised by the intervenors and any other matters that may aid in the disposition of this proceeding.

Done at Frankfort, Kentucky, this 9th day of November, 1999.

By the Commission

ATTEST:


Executive Director

Commonwealth of Kentucky
Public Service Commission
730 Schenkel Lane
Post Office Box 615
Frankfort, KY 40602

RECEIVED

NOV - 4 1999

Public Service
Commission

Re: Case No. 99-331

Att: Honorable Helen Helton

In the Matter of:

APPLICATION OF P.R. WASTEWATER
MANAGEMENT, INC. FOR AN ADJUSTMENT
OF RATES PURSUANT TO THE ALTERNATIVE
RATE FILING PROCEDURE FOR SMALL UTILITIES

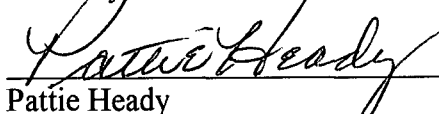
In response to the Commission's inquiry dated October 27th, 1999. Subsequent to my first request for disclosure, I received a few documents, which could not be deciphered as answers to the Attorney General's questions in and of themselves. I then requested the missing verbal and written answers to his requests for disclosure. When I received those, it was apparent that many very vital documents were still missing from those received. Upon receiving a copy of the October 8, 1999, written comments by Intervenor, John B. Mann, I noticed that my missing documents and concerns were basically the same as he was presenting to the Commission.

To answer your question, I believe, in order to receive full and complete disclosure, at this date, all of the intervenors would need a copy of the complete disclosure package made to the Assistant Attorney General in the beginning of this process. That is possibly the only way we could be sure important documents have not been overlooked in the many requests and shorted mailings.

To my knowledge, at this mailing, the questions and requests of Dr. Mann on October 8th, 1999, have still not been acknowledged nor addressed.

Thank you very much for your time and consideration.

Sincerely,



Pattie Heady
251 Persimmon Ridge Drive
Louisville, KY 40245
(502) 243-2616

On this the 3rd, day of November, 1999, copies of this document have been sent or delivered to: Lawren A. Just, Mr. Joe Burkhardt, Mr. John B. Mann, The Hon. David B. Spenard and Marie K. Edwards, parties of record.



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KENTUCKY 40602
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(502) 564-3940
Fax (502) 564-1582

Ronald B. McCloud, Secretary
Public Protection and
Regulation Cabinet

Helen Helton
Executive Director
Public Service Commission

Paul E. Patton
Governor

October 27, 1999

Ms. Pattie Heady
251 Persimmon Ridge Dr.
Louisville, KY 40245

Re: Case number 99-331

Dear Ms. Heady:

The Commission is in receipt of your letter requesting copies of the documents filed by P.R. Wastewater Management, Inc. in response to the Attorney General's information request. Our records indicate that subsequent to your request P. R. Wastewater Management, Inc. mailed copies of these documents to all parties of record, including you. If you have not received these documents, please advise the Commission and copies will be provided to you.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Bell".

Stephanie Bell
Secretary of the Commission

SB/am

C: All Parties of Record



JOHN B. MANN, Ph.D.

18 Oak Tree Lane
Louisville, Kentucky 40245
Tel: (502) 241-9009
Fax: (502) 241-9712

RECEIVED
OCT 11 1999
PUBLIC SERVICE
COMMISSION

October 8, 1999

Commonwealth of Kentucky
Public Service Commission
Frankfort, KY 40602

RE: Case no. 99-331

WRITTEN COMMENTS ON INFORMATION REQUEST AND STAFF REPORT:

This Intervenor submits these written comments on Case 99-331 on the information received from the Applicant on October 6, 1999 as well as the Staff Report dated September 17, 1999:

1) Information is again incomplete.

This Intervenor asked on October 4, 1999 for complete answers to the Attorney General questions. Exhibit A are the answers that were received from the Applicant. The answers are incomplete. Specifically, question 5: No copy was enclosed.

2) Question 3 incomplete:

The Applicant states that Lisa Fields is not paid. However the test year shows a \$1, 945 expense for outside services. An explanation is needed for that expense, as well a justification for the increase of that amount to \$5, 545.

The Applicant states that Lawren A. Just has never taken any pay out of the corporation as the owner/operator; however, the Commission grants a \$3, 600 owner fee to the Applicant, which Lawren A. Just owns.

3) Question 9 is incomplete:

A maintenance fee of \$4, 200 is being requested to be paid to the Persimmon Ridge Development Company, however the Applicant does not present any information that will justify this expense, but merely states that this expense is not separated from all other maintenance expenses of Persimmon Ridge Development. The expenses allocated to the Applicant should be validated.

4) Question 10 schedule not received:

A Schedule detailing the \$2, 855 the Internal Supervision and Engineering expense was not received. Various invoices were received, however this Intervenor could not reconcile the invoices to that amount.

5) Question 15 not answered:

The Applicant merely states that the costs was absorbed by the Persimmon Ridge Development . The actual costs of are needed to validate the correct cost.

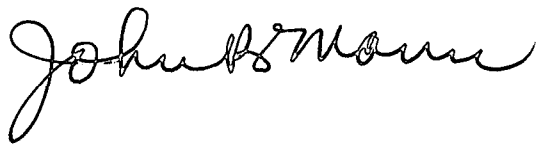
6) Further comment on the Commission Staff Report:

This Intervenor requests that the Staff do a further rigorous review based these comments to the cost assumptions in order to ascertain the correct costs of operation.

7) Certificate of service and filing:

This Intervenor has mailed a true and correct copy of these comments, first class postage to the Applicant and Intervenors as shown on Exhibit B.

John B. Mann, Intervenor

A handwritten signature in cursive script that reads "John B. Mann".

WASTEWATER MANAGEMENT, INC.

253 Persimmon Ridge Drive

Louisville, KY 40245

502-241-9890

September 20, 1999

EXHIBIT 'A'

Office of Attorney General
Capitol Building
Suite 118
Frankfort, KY 40601

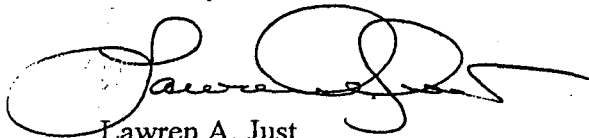
RESPONSE to the REQUEST for INFORMATION

The following pages are responses to the references included in the request for information. I have answered these to the best of my ability as far as knowing exactly what it was you were seeking. It seemed the majority of the information answered was included in the application for rate increase that you have in your possession.

As for Page 4, Reference 13, Outside services. There were no specific contracts related to these companies for outside services. Their services were acquired as needed. Beckmar Labs does the testing for the DMR's. Flynn Brothers Contractors, Anear Services, TNT and Straeffler Pumps are called as needed in a breakdown of pumping systems. These companies are not held on retainer or under contract. It is our hope that all equipment runs smoothly and routinely with regular maintenance performed by Persimmon Ridge Development.

Please let me know if I can be of any further assistance as this request is processed.

Sincerely,



Lawren A. Just

cc: Scott Lawless, Public Service Commission

Pg. 1 (2) Lawren A. Just, President

Pg. 3 (1) Copy enclosed.

(2) A set amount of \$737.50 per lot sold is applied to reduce the note on the plant. Existing homes were not back-charged this amount. It was initially calculated based on the remaining lots to be developed and sold from the time the plant was established as a public utility. As new phases are developed, the costs of new lines are absorbed in the construction costs of the phase.

(3) PR Wastewater Management, Inc. has 2 employees. Lawren A. Just has never taken any pay out of the corporation as the owner/operator. She oversees all operations of the plant, including but not limited to lift station maintenance, lagoon maintenance, and line maintenance. Lisa M. Bush is set up as an employee but not paid, as there has never been enough revenue for payment. Lisa generates all monthly statements and posts all receivables. She handles all office work related to bills and payments.

(4) Lawren A. Just is the vice-president/general manager of Persimmon Ridge Development. She handles all phases of development of new lots, including initial engineering approvals, construction of utilities, construction of streets, and sales and marketing.

(5) Copy enclosed.

(6) Persimmon Ridge Development provided routine maintenance under a lease agreement through the Persimmon Ridge Homeowners' Association. All shortfalls of revenue for the sewer system have to be absorbed by the Development Company.

(7) Elmore A. Just, Vice-President, 253 Persimmon Ridge Dr., Lou., KY 40245; Lawren A. Just, President, 253 Persimmon Ridge Dr., Lou., KY 40245

(8) Elmore A. Just, President-Persimmon Ridge Development; Lawren A. Just, Vice President.

(9) The expense was not separated from all other maintenance expenses of Persimmon Ridge Development.

(10) See attached.

(11) See attached.

(12) Same as #11

(13) See attached.

(14) Services were unable to be performed by Persimmon Ridge Development or in-house employees. These were specific break-downs in the system that a contractor had to be utilized, or was legal and professional work, we are not qualified to do.

(15) This was absorbed by Persimmon Ridge Development.

(16) Russ Rose of N. Shelby Water Company will try and determine what costs would be involved if his office billed these amounts for us. He will then inquire of the Board if they will approve billing. If this can be done, great. However, we would still have some office work related to billings as we

would have to crosscheck their payment to us against all customers on system.

- (17) No. Lightning struck the system and knocked out flow meter. Storms again damaged flow meter and it would not re-calibrate.
- (18) First Capital Bank, 285 N. Hubbards Lane, Louisville, KY 40207
- (19) None.

EXHIBIT 'B'

✓
Ms. Lawren A. Just
President
P. R. Wastewater Management, Inc.
253 Persimmon Ridge Drive
Louisville, KY 40245

✓
Mr. Joe Burkhardt
15 Oak Tree Lane
Louisville, KY 40245

Mr. John B. Mann
18 Oak Tree Lane
Louisville, KY 40245

Honorable David E. Spenard
Assistant Attorney General
1024 Capital Center Drive
Frankfort, KY 40601 8204

✓
Pattie Heady
251 Persimmon Ridge Drive
Louisville, KY 40245

Marie K. Edwards
3 Oak Tree Lane
Louisville, KY 40245

PR WASTEWATER MANAGEMENT, INC.
253 Persimmon Ridge Drive
Louisville, KY 40245

RECEIVED
OCT 06 1999
PUBLIC SERVICE
COMMISSION

October 4, 1999

In the Matter of:

APPLICATION OF PR WASTEWATER)
MANAGEMENT, INC. FOR AN ADJUSTMENT) CASE NO. 99-331
OF RATES PURSUANT TO THE ALTERNATIVE)
RATE FILING PROCEDURE FOR SMALL UTILITIES)

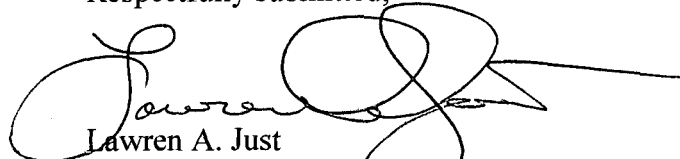
WRITTEN RESPONSE TO INQUIRY OF ATTORNEY GENERAL

1. Applicant has spoken with N. Shelby Water Company regarding the company billing applicant's customers. N. Shelby Water discussed this at their board meeting on September 20th. Board members requested additional information from Russ Rose of N. Shelby Water, regarding computer billing, collections, and payments to applicant. Mr. Rose is to relay the additional information to the water company board at their next meeting on October 18, 1999. Applicant can not do anything further regarding the possibility of collection of payments by the Water Company until that time.

Applicant would like to point out that it would welcome the Water Company doing the billing for wastewater. It would eliminate late collection problems and ease office work the first and last weeks of the month. However, it needs to be understood that it would not eliminate office work completely, as we would have to verify payments in our books to the payment schedule sent to us by the water company. In addition, there are other bills related to office work that require minimal time on a monthly basis. These would include posting and payment of utilities, laboratory, chemical and other incidental bills that may be incurred.

If you should like any further information, please do not hesitate to request it.

Respectfully submitted,



Lawren A. Just
President, PR Wastewater Management, Inc.
253 Persimmon Ridge Drive
Louisville, KY 40245

*PR WASTEWATER MANAGEMENT, INC.
253 Persimmon Ridge Drive
Louisville, KY 40245*

cc: Hon. Helen C. Helton, Executive Director, Public Service Commission
Mr. Scott Lawless, Public Service Commission
Mr. Joe Burkhardt
Ms. Pattie Heady
Ms. Marie Edwards
Mr. John Mann

JOHN B. MANN, Ph.D.

18 Oak Tree Lane
Louisville, Kentucky 40245
Tel: (502) 241-9009
Fax: (502) 241-9712

RECEIVED

OCT 05 1999

PUBLIC SERVICE
COMMISSION

October 4, 1999

Commonwealth of Kentucky
Public Service Commission
Frankfort, Ky. 40602

RE: Case no. 99-331

WRITTEN COMMENTS ON APPLICATION, STAFF REPORT, AND INFORMATION REQUESTS

This Intervenor submits these written comments on Case 99-331:

1) Staff report is biased:

The PSC staff was asked by the Applicant on March 31, 1999 for assistance in the preparation of the application. The Staff provided that assistance. The staff review was a limited financial review to whether the revenues and expenses were representative of normal operations. Immaterial discrepancies were not pursued. The Staff report submitted in case: 99-331 did no further investigation than what was done in helping the applicant prepare the application. This is akin to the foxes guarding the hen house.

The Applicant is part of a conglomerate that uses the same office, staff, utilities, and equipment. A careful review of invoices, job descriptions, time cards, tax returns, etc. need be done by the Staff to insure that expenses allocated to the Applicant are proper. Until that is done, there is no evidence that the expenses stated are properly the Applicant's.

Using the same information that was developed for the application without investigation cited above is not an objective review but must be considered biased as the Staff is reviewing its own work.

2) Attorney General's questions not answered:

The answers that this Intervenor received from the Applicant does not answer all the questions that the Attorney General raised. Exhibit A are the answers that the Intervenor received on September 29th, two days after the period for comments had expired. Specifically, answers to questions no: 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14, 15, 16, 17, 18, and 19 were not received by the Intervenor. Answers to these questions would help in determining the correct cost of operating the plant.

Since these questions have not been answered as requested, the Intervenor does not have the all information requested in this case. The Intervenor needs complete answers to all questions.

3) Billing costs are too high:

The billing costs being requested by the Applicant is \$49.95 per customer per year. Previously the billing charge was \$24 per customer per year. The lower charge was done by using an outside service (North Shelby Water Company) to bill the accounts. The Applicant is now requesting over 100% increase to bill accounts. This is excessive based on past history. The Applicant should use a more cost effective method for the billing.

4) Flat Rate is discriminatory:

The flat rate method of determining usage discriminates against smaller households. Again, previously the waste water charge was based on water usage. North Shelby Water Company use water usage and to that applied the waste water surcharge. This gives a truer cost to each customer, as the waste water processing costs are based on actual usage, not a flat rate.

5) Time extension for hearings and comments:

This Intervenor will be out of the state until October 29, 1999. It is requested that a time extension be granted until November 15, 1999 to enable this Intervenor to be present for written comments, or attend any hearings that may be result in this case.

6) Certificate of service and filing:

This Intervenor has mailed a true and correct copy of these comments, first class postage to the Applicant and Intervenor as shown in Exhibit B.

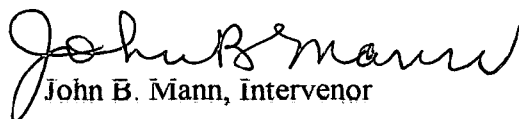

John B. Mann, Intervenor

EXHIBIT "A"

PR WASTEWATER MANAGEMENT, INC.
253 Persimmon Ridge Drive
Louisville, KY 40245
(502) 241-9890

September 27, 1999

Enclosed you will find copies of information requested by the Attorney General's office.

This information was sent to the Attorney General on September 20, 1999 per his request. Since there was a 30-day dead line for filing petitions to intervene, we had requested dates on the latest interventions before submitting this information to all other intervening parties.

cc: Ms. Marie Edwards
Mr. John Mann
Ms. Pattie Heady
Mr. Joe Burkhardt
Hon. David E. Spenard/Asst. Attorney General

PR WASTEWATER MANAGEMENT, INC.

253 Persimmon Ridge Drive

Louisville, KY 40245

502-241-9890

September 20, 1999

Office of Attorney General
Capitol Building
Suite 118
Frankfort, KY 40601

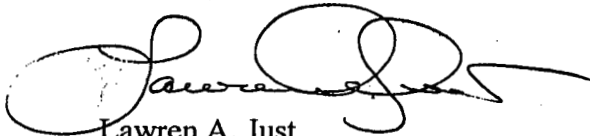
RESPONSE to the REQUEST for INFORMATION

The following pages are responses to the references included in the request for information. I have answered these to the best of my ability as far as knowing exactly what it was you were seeking. It seemed the majority of the information answered was included in the application for rate increase that you have in your possession.

As for Page 4, Reference 13, Outside services. There were no specific contracts related to these companies for outside services. Their services were acquired as needed. Beckmar Labs does the testing for the DMR's. Flynn Brothers Contractors, Anear Services, TNT and Straeffler Pumps are called as needed in a breakdown of pumping systems. These companies are not held on retainer or under contract. It is our hope that all equipment runs smoothly and routinely with regular maintenance performed by Persimmon Ridge Development.

Please let me know if I can be of any further assistance as this request is processed.

Sincerely,



Lawren A. Just

cc: Scott Lawless, Public Service Commission

COMPENSATION OF OFFICERS

STATEMENT 1

(A) NAME OF OFFICER	(B) SOCIAL SECURITY NUMBER	(C) TIME DEVOTED TO BUSINESS	PCT OF STK	(F) AMOUNT OF COMPENSATION
LAWREN JUST	407-82-3506	100	50.00%	0.
WIMORE JUST	401-70-4033	100	50.00%	0.
TOTAL COMPENSATION OF OFFICERS				0.
LESS: COMPENSATION CLAIMED ELSEWHERE				
TOTAL TO FORM 1120S, PAGE 1, LINE 7				

FORM 1120S

TAXES AND LICENSES

STATEMENT 2

DESCRIPTION	AMOUNT
TAXES AND LICENSES EXPENSE	1,235.
TOTAL TO FORM 1120S, PAGE 1, LINE 12	1,235.

FORM 1120S

OTHER DEDUCTIONS

STATEMENT 3

DESCRIPTION	AMOUNT
OTHER DEDUCTIONS	360.
UTILITIES AND TELEPHONE	2,658.
LEGAL AND ACCOUNTING	1,585.
CHEMICALS	392.
AMORTIZATION EXPENSE	336.
TOTAL TO FORM 1120S, PAGE 1, LINE 19	5,331.

SCHEDULE K

INTEREST INCOME

STATEMENT 4

DESCRIPTION	US	OTHER
PORTFOLIO INTEREST INCOME	0.	16.
TOTAL TO SCHEDULE K, LINE 4A	0.	16.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:)
THE ALTERNATIVE RATE FILING) Case No. 99-331
OF P. R. WASTEWATER MANAGEMENT, INC.)

INITIAL REQUEST FOR INFORMATION
BY THE ATTORNEY GENERAL

Comes now the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits this Initial Request for Information by the Attorney General.

(1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.

(2) Please identify the company witness who will be prepared to answer questions concerning each request.

(3) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.

(4) If any request appears confusing, please request clarification directly from the Office of Attorney General.

(5) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(6) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self evident to a person not familiar with the printout.

(7) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the Office of the Attorney General as soon as possible.

(8) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(9) In the event any document called for has been destroyed or transferred beyond the control of the company state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

INITIAL REQUEST FOR INFORMATION BY THE ATTORNEY GENERAL

1. Reference: Application Attachment E (U.S. Income Tax Return for an S Corporation). Please provide a copy of the "Statement 3" (Other deductions) that is referenced on line 19 of Form 1120S.
2. Reference: Application, page 5, Item (6)(b). Please explain the statement "The utility plant in service shown in the 1998 annual report is net of all contributions used to offset construction costs." Please include in the explanation the gross utility plant cost and the contribution offset amounts.
3. Reference: Application, Attachment A (Pro forma Operating Income Statement). Please provide a listing of all P.R. Wastewater Management, Inc., employees. For each employee, please provide a job description.
4. Reference: Application, Attachment A (Pro forma Operating Income Statement). Provide a listing of all employees of the Applicant who are also employees of Persimmon Ridge Development Co., Inc. For any employee of the Applicant who is also employed by Persimmon Ridge Development Co., Inc., please provide the employee's Persimmon Ridge Development Co., Inc., job description.
5. Reference: Application, Attachment A (Pro forma Operating Income Statement). Please provide a copy of the contract for maintenance between the Applicant and Persimmon Ridge Development Co., Inc.
6. Reference: Application, Attachment A (Pro forma Operating Income Statement). Prior to the execution of the contract for maintenance between the Applicant and Persimmon Ridge Development Co., Inc., who performed routine maintenance for this plant?
7. Reference: Application, Attachment A (Pro forma Operating Income Statement). Please provide a listing of all owners and officers of Persimmon Ridge Wastewater Management, Inc.
8. Reference: Application, Attachment A (Pro forma Operating Income Statement). For any owner or officer of the Applicant that is also an owner, officer, or employee of Persimmon Ridge Development Co., Inc., please describe that individual's status within Persimmon Ridge Development Co., Inc.

9. Reference: Application, Attachment A (Pro forma Operating Income Statement). Prior to the execution of the contract for maintenance between the Applicant and Persimmon Ridge Development Co., Inc., what was the annual amount for this expense category?
10. Reference: Application, Attachment A (Pro forma Operating Income Statement). Provide a description of the "Internal Supervision and Engineering" expense. Include with the description a schedule reflecting the composition of the \$2,855 test year amount.
11. Reference: Application, Attachment A (Pro forma Operating Income Statement). Provide a description of the "Maintenance of Pumping System" expense. Include with the description a schedule reflecting the composition of the \$1,945 test year amount.
12. Reference: Application, Attachment A (Pro forma Operating Income Statement). Please provide a schedule detailing the composition of the \$1,945 test year amount for "Outside Services Employed."
13. Reference: Application, Attachment A (Pro forma Operating Income Statement). Please provide a copy of each contract under which outside service is utilized.
14. Reference: Application, Attachment A (Pro forma Operating Income Statement). Prior to the execution of each contract for outside service, who performed the service for the utility?
15. Reference: Application, Attachment A (Pro forma Operating Income Statement). Prior to the execution of the contract(s) under which maintaining customer account information, bookkeeping duties, and general office maintenance is performed, what was the annual amount for the expenditure?
16. Reference: Application, Attachment A (Pro forma Operating Income Statement). Has the applicant investigated whether customer accounts can be serviced by the utility that provides water service to this area? If yes, please describe the results of the investigation. If no, please explain why there has been no investigation.
17. Reference: Application, Attachment A, Footnote D and Footnote E (Pro forma Operating Income Statement). Is the replacement flow meter described in Footnote D the same flow meter described in Footnote E?

18. Reference: Application, Attachment A, Footnote H (Pro forma Operating Income Statement). Identify the individual(s) or entity holding the debt instrument under which interest and principal are being paid.

19. Does the Applicant provide free or discounted service to anyone? If yes, please provide a listing of all individuals receiving free or discounted service. For each individual receiving discounted service, please provide the discount amount and the basis for the discount.

Carpenter, Mountjoy & Bressler

Certified Public Accountants and Consultants

175 East Main Street, Suite 200
Lexington, Kentucky 40507
(606) 255-4950

The Ernst Mansion
405 Garrard Street
Covington, Kentucky 41011
(606) 431-1975

Remit all payments to:

2300 Waterfront Plaza
Louisville, Kentucky 40202-4256
(502) 589-5950
Fax (502) 568-5626

P. R. WASTE TREATMENT INC.
253 PERSIMMON RIDGE DRIVE
LOUISVILLE, KY 40245

Client #: 4258

INVOICE 15277

April 15, 1998

For Professional Services Rendered:

PREPARATION OF CORPORATE INCOME TAX RETURNS FOR
THE YEAR ENDING DECEMBER 31, 1997; PREPARATION
OF COMPILED FINANCIAL STATEMENT FOR THE YEAR
ENDING DECEMBER 31, 1997; PREPARATION OF ANNUAL
REPORT FOR THE PUBLIC SERVICE COMMISSION;
PARTIAL COMPLETION OF PROPERTY TAX RETURN FOR
PUBLIC SERVICE COMMISSION

Total Amount for Invoice # 15277

1,585.00

Beginning Balance

1,475.00

No Payments This Period

0.00

Amount Due This Bill

\$3,060.00

0-30 Days	31-60 Days	61-90 Days	91-120 Days	> 120 Days	Total A/R
1,585.00	0.00	0.00	0.00	1,475.00	3,060.00

Amount Due is payable upon receipt of bill. Thank you for keeping
your account current.

09/16/99

PRWastewater Management

Find Report

All Transactions

Type	Date	Num	Name	Memo	Account	Cir	Split	Amount	Balance
Bill	5/18/98	23331	Beckmar Labs	23331	232 Accounts Pay...		923 Outside S...	-180.00	-180.00
Total								-180.00	-180.00

Rev (A) 10/91

09/16/99

PRWastewater Management Find Report All Transactions

Ref (#10)
#11

Type	Date	Num	Name	Memo	Account	Clr	Split	Amount	Balance
Bill	4/29/98	22988	Beckmar Labs		22988	232	Accounts Pay	923 Outside S	-180.00
Total								-180.00	-180.00

09/16/99

PRWastewater Management Find Report All Transactions

Ret. (#10)

Type	Date	Num	Name	Memo	Account	Cir	Split	Amount	Balance
Bill	1/20/98	1835	Anear Services, Inc.		232 Accounts Pay...		701 Labor & E...	-485.82	-485.82
Bill	1/28/98	1846	Anear Services, Inc.		232 Accounts Pay...		701 Labor & E...	-126.21	-612.03
Total								-612.03	-612.03

09/16/99

PRWastewater Management

Find Report

All Transactions

Type	Date	Num	Name	Memo	Account	Clr	Split	Amount	Balance
Bill	2/27/98	14393	Straeffler Pump & S...		232 Accounts Pay...		701-B Pumpin...	-206.64	-206.64
Total								-206.64	-206.64

R. Wastewater Management, Inc.

In T. Maintenance

10/07/98
10/07/98
10/08/98

Bill #916
Bill #917
Bill #918

Ref (#10)

11/18/98

001091

954.00
1,200.00
500.00

131 Checking

2,654.00

Invoice

T & T d.b.a. T n T
T & T Maintenance, Inc. d.b.a. (TnT)
8160 Seneca Drive
Georgetown, IN 47122

Invoice Number: 918
Invoice Date: Oct 8, 1998
Page: 1

Voice: 1-812-951-1300
Fax: 1-812-951-3734

POSTED
10/9/98

Duplicate

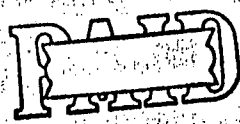
PLEASE REMIT TO:
T & T MAINTENANCE,
8160 Seneca Drive
Georgetown, Indiana 47122

Sold To:
P.R. Wastewater Mgmt. Inc.
253 Persimmon Ridge Drive
Louisville, KY 40245

Customer ID: PERSIM

Customer PO	Payment Terms	Due Date	Sales Rep ID
verbal L. Just	Due at end of Month	10/31/98	

Quantity	Item	Description	Unit Price	Extension
1.00		Service: Installation of Flowmeter, calibration and certification of same which was performed as the prior flowmeter was damaged by lightning and ir-repairable	500.00	500.00



Check No:

Subtotal 500.00
Sales Tax
Total Invoice Amount 500.00
Payment Received 0.00
TOTAL 500.00

T & T. d.b.a. T n T

T & T Maintenance, Inc. d.b.a. (TnT)
8160 Seneca Drive
Georgetown, IN 47122

Invoice

Invoice Number: 917

Invoice Date: Oct 7, 1998

Page: 1

Voice: 1-812-951-1300
Fax: 1-812-951-3734

POSTED
10/2/98

Duplicate

PLEASE REMIT TO:
T & T MAINTENANCE,
8160 Seneca Drive
Georgetown, Indiana 47122

Sold To:
P.R. Wastewater Mgmt. Inc.
253 Persimmon Ridge Drive
Louisville, KY 40245

Customer ID: PERSIM

Customer PO	Payment Terms	Due Date	Sales Rep ID
Verbal LJust	Due at end of Month	10/31/98	

Quantity	Item	Description	Unit Price	Extension
1.00		Installation of power cable to 4 aerators, includes motor inspection of 3 aerators.	1,200.00	1,200.00

PAID

Check No:

Subtotal	1,200.00
Sales Tax	
Total Invoice Amount	1,200.00
Payment Received	0.00
TOTAL	1,200.00



HEAVY/HIGHWAY CONSTRUCTION
MAINTENANCE/RECREATIONAL COATINGS

POSTED 10/13/98

INVOICE DATE
9-30-98

INVOICE

MAILING ADDRESS: P.O. BOX 32065 ■ LOUISVILLE, KY 40232 ■ PHONE 364-9100

3616

EQUAL OPPORTUNITY EMPLOYER

Persimmon Ridge Devel. Co.
253 Persimmon Ridge Dr.
Louisville, KY 40245
ATTN: Mrs. Lawren Just

Lift Sta. repairs

PROJECT: _____
COMPLETE PARTIAL
RETAINAGE

7581-15

OUR ORDER NO. YOUR ORDER NO. SALESMAN TERMS

For repairs to lift station as directed 9-24-98 per attached:

TOTAL THIS INVOICE: \$336.00

Handwritten initials

PAID 11/25/98

R. Wastewater Management, Inc.

Flynn Brothers
09/30/98

Bill #3616

11/25/98

001092

336.00

31 Checking repairs to lift station

336.00

TOOK CARE OF Problem

WORK AUTHORIZED BY

EXHIBIT 'B'

Ms. Lawren A. Just
President
P. R. Wastewater Management, Inc.
253 Persimmon Ridge Drive
Louisville, KY 40245

Mr. Joe Burkhardt
15 Oak Tree Lane
Louisville, KY 40245

Mr. John B. Mann
18 Oak Tree Lane
Louisville, KY 40245

Honorable David E. Spenard
Assistant Attorney General
1024 Capital Center Drive
Frankfort, KY 40601 8204

Pattie Heady
251 Persimmon Ridge Drive
Louisville, KY 40245

Marie K. Edwards
3 Oak Tree Lane
Louisville, KY 40245

Commonwealth of Kentucky
Public Service Commission
730 Schenkel Lane
Post Office Box 615
Frankfort, KY 40602

Re: Case No. 99-331

In the Matter of:

APPLICATION OF P.R. WASTEWATER
MANAGEMENT, INC. FOR AN ADJUSTMENT
OF RATES PURSUANT TO THE ALTERNATIVE
RATE FILING PROCEDURE FOR SMALL UTILITIES

RECEIVED

OCT 04 1999

PUBLIC SERVICE
COMMISSION

MOTION FOR CLARIFICATION, DISCLOSURE & ENLARGEMENT OF TIME

By the Commission's Order of September 17, 1999, the intervening parties to this case were given ten days to provide written comments as to the Staff Report made as a result of the Commission's staff's assistance with the Applicant's filing and their perusal of the limited information they were supplied with.

Since the intervening parties, except for the Assistant Attorney General, were not supplied with any of the documents requested by and supplied to the Attorney General and the Commission until these ten days had run out, they were mailed on September 27th--exactly ten days after the Commission's Order and after a motion to compel, it was impossible to reply within the time allotted.

In the documents that were received, many of the Attorney General's questions to be answered verbally in written form remain unanswered to the interveners and key documents from the initial request were not included.

In going over the S-Corporation tax return supplied by the Applicant, at least one claim stands out as excessive. The claim under "Other Deductions" for Utilities and Telephone in the amount of

\$2,658. As you can see in the attached documentation and letterhead, the Applicant uses the one small room in her home and the single telephone line for many activities and corporations and possibly others that we are not aware of. We cannot make intelligent comments as to the fairness or unfairness of the rates requested unless and until we have a breakout of all these activities and corporations as to the use of the phone and utilities to each of these endeavors as well as room size of the small office in relation to the entire house and total charges on both the phone and utilities to arrive at an approximate idea of how much should have been relegated to P.R. Wastewater, Inc.

The other question that comes to mind is, does P. R. Wastewater, Inc., charge a blanket amount for monthly mailings or charge for the amounts actually mailed or delivered? The reason for this question is in a printout attached hereto. As indicated in the printout, I, and possibly others, make my payments on an annual basis. Are we being charged a five dollar monthly mailing fee for payments made annually?

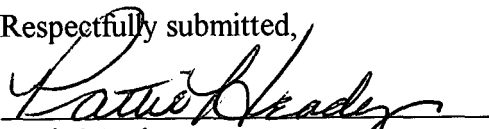
Please consider this my motion to:

1. Compel the Applicant to supply all parties of record with all documents and written answers supplied to or requested by the Assistant Attorney General.
2. To clarify the charges for utilities and telephone as listed on the S-corporation tax return with an entity by entity breakdown and total charges paid and the office size in relation to the dwelling.
3. Enlarge the time to respond at least ten days beyond the time the above discovery is received by all parties.

Thank you very much for your time and consideration,

On this the 30th, day of September, 1999, copies of these motions and attachments were sent to: Lawren A. Just, Mr. Joe Burkhardt, Mr. John B. Mann, The Hon. David B. Spenard and Marie K. Edwards, parties of record.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Pattie Heady", written over a horizontal line.

Pattie Heady
251 Persimmon Ridge Drive
Louisville, KY 40245
(502) 243-2616

Payee Report
11/17/94 Through 9/26/99

Date	Acct	Num	Description	Memo	Category	Clr	Amount
11/2/96	Com/wealt...	575	P. R. Wastewater Manag...	Sewer charge 11/1/96	Utilities:Sewers	R	-17.69
12/4/96	Com/wealt...	591	P. R. Wastewater Manag...	Sewer charge to 10/1/97...	Utilities:Sewers	R	-176.90
10/2/97	Com/wealt...	724	P. R. Wastewater Manag...	Sewer charge to 10/1/98...	Utilities:Sewers	R	-212.28
10/2/98	Com/wealt...	841	P. R. Wastewater Manag...	Sewer charge to 10/1/99...	Utilities:Sewers	R	-212.28
TOTAL 11/17/94 - 9/26/99							-619.15
TOTAL INFLOWS							0.00
TOTAL OUTFLOWS							-619.15
NET TOTAL							-619.15

ATTACHMENT A
P.R. Wastewater Management, Inc.
Pro forma Operating Income Statement

	Test Year 12/31/98	Adjustments	Ref.	Pro forma Present Rates	Adjustments	Pro forma Proposed Rates
Operating Revenue						
Sewer Service Revenue	22,903	660	A	23,563	13,683	37,246
Other Operating Revenue				-		-
Total Operating Revenue	22,903	660		23,563	13,683	37,246
Operating Expenses						
Operation and Maintenance Expenses						
Owner Manager Fee	3,600		B	3,600		3,600
Purchased Power	<u>2,658</u>			<u>2,658</u>		<u>2,658</u>
Chemicals	392			392		392
Maintenance Fee	4,200		C	4,200		4,200
Internal Supervision and Engineering	2,855	(1,360)	D	1,495		1,495
Maintenance of Pumping System	1,311	(859)	E	452		452
Outside Services Employed	1,945	3,600	F	5,545		5,545
Total Operation and Maintenance	16,961	1,381		18,342	-	18,342
Depreciation Expense	5,979		G	5,979		5,979
Taxes Other Than Income	1,235			1,235		1,235
Total Operating Expenses	24,175	1,381		25,556	-	25,556
Net Operating Income	(1,272)	(721)		(1,993)	13,683	11,690

Revenue Requirement Calculation / Based on an 88% Operating Ratio

Pro Forma Operating Expenses	25,556
Divided by: 88%	<u>88%</u>
Sub-total	29,041
Plus: Interest Expense	8,094 H
Amortization of Debt Issue Costs	<u>112 I</u>
Total Revenue Required	<u>37,246</u>



DATE: June 28, 1999
TO: Persimmon Ridge Members
FROM: Lawren Just
RE: Phase VIII Home Sites

The Persimmon Ridge Development is in the process of building utilities and street for the eighth phase of home sites. This area overlooks the fourth and fifth golf holes, as well as Floyd's Fork Creek. Some of the most breath-taking views of Persimmon Ridge golf Course will be found in the back yards of the home sites in this phase.

We have once again made every effort to keep the golf experience at Persimmon Ridge at its highest level. The home sites abutting the golf holes are fall-away lots, deep enough to allow for beautiful views without interference from errant shots. The existing cart path between 4 and 5 will be re-aligned and built in its own 30 foot easement, ensuring the ride between holes does not seem to be a ride through a neighbor's yard. The back tees of #5 have been re-constructed away from the edge of the street, providing the golfer an even better view of the fifth hole.

During the next sixty days, construction of utilities and sewer lines will be underway. Caution will need to be used when crossing the street between 2 and 3, as well as 4 and 5.

We will use these days as a promotional time for Persimmon Ridge members. Schedule a time to tour the sites in Persimmon Ridge and receive a Louisville Golf wooden putter upon completion of your visit. Select a lot during your tour and place it under contract and receive promotional, early purchase pricing.

Phase VIII home sites are 30 of the last 65 to be developed around the existing golf course. This is your opportunity to select a prime home site for future construction.

Contact me at 241-9890 to schedule a convenient time for us to meet. This promotion expires August 31st, 1999.

I look forward to hearing from you soon.

a publication of the
Persimmon Ridge
Homeowners' Association

Winter
1999
Number 29

HOMEOWNERS
HOTLINES

253 Persimmon Ridge Dr.
241-9890



HOMEOWNERS' HOTLINES

Persimmon Ridge... on the move

The past two years have been very good ones for Persimmon Ridge Development. With the economy in such good shape and interest rates lower than they have been in years, many young professionals have made the decision to build their dream home, and many empty-nesters, their retirement home. Whether looking with a Realtor or roaming the area on their own, they have made their way to Persimmon Ridge and have liked what they have seen.

The continual growth of Louisville keeps pushing prospects to us. The recent opening of the Old Henry exit has been a real boost for the residents of Persimmon Ridge, and has been a plus as a marketing tool as well. The 'straight' shot down Aiken needs now to be improved by the actual straightening of the one lane bridge over Floyd's Fork Creek. It has been said many times that this bridge is scheduled for replacement, but the State has it pretty far down the list! For those who drive this way on a daily basis and feel the bridge needs to be replaced for safety's sake, you may want to call the highway department at 367-6411 and tell them just that. It may help to speed up the actual 'replacement'.

The construction of the continuance of Persimmon Ridge to the second entrance is still in

progress, although it has been slow. As everyone has seen, the weather has prohibited many activities to take place, such as driveways, grading and sodding. But as we move into warmer weather, these activities should proceed with a fury.

At the most recent homeowners' meeting, it was said that a development office, pool and tennis courts are on the plans for this summer. That is fact. These amenities would be a boost for the development, as well as a plus for marketing properties in Persimmon Ridge. The plans being designed would be for a building large enough to house sales and marketing offices for the development, as well as offices for the Professional Clubmakers' Society, which is presently housed in the bedford stone house. (The old house will be cut from its foundation and removed from the property: Maybe there should be a going away party for it, since it has been on site longer than anyone or any thing else!) The location for the new building being considered is by the entrance road to the maintenance facility. Prior to proceeding with any firm plans for these amenities and office, there will be a meeting with the residents of Cherry Hills Lane, followed by a special called homeowners' association meeting for all members of the association. Details of both of these meetings will be outlined under separate cover once all the

information needed is acquired.

1999 could prove to be the most exciting year yet for Persimmon Ridge Development. In addition to building a beautiful new facility for marketing and PCS, Section VIII home sites will be under construction, bringing an additional 32-35 home sites into the development. This construction will be a continuation of Persimmon Ridge Drive up the fifth golf hole toward the fourth, with the street continuing to the second entrance. At the start of 1999, of the 164 developed home sites, only 29 remained to be sold. If '99 proves to be as successful as '97 and '98, we'll need Section VIII sites for the start of the new millennium!

The lighting for the second entrance is scheduled to start at the break of the weather. This lighting was approved at the same time as the lighting for the first entrance, but the company doing the work had a split of personnel and we were somehow pushed to the bottom of the list.

And speaking of being on the move...Joggers, please wear some sort of reflective gear while out running in the early morning and at dusk. Dark clothing makes it difficult for you to be seen, and could be an accident that we certainly do not want to happen!

Thanks to all who are referring their friends to Persimmon Ridge. It is the community atmosphere and attitude that prospects like to see!!

PERSIMMON RIDGE HOMEOWNERS' ASSOCIATION
253 Persimmon Ridge Drive
Louisville, KY 40245
241-9890

September 14, 1999

PR HOMEOWNERS' MEETING

AGENDA:

- Minutes from last meeting on 5/19/99
- Treasurer's report

- OLD BUSINESS
 - * Continued pool discussion

- NEW BUSINESS
 - * Trash pick-up (BFI-\$14.75/mo., 1x week pick-up; USA Waste of KY-\$15.50/mo., 1x week pick-up)

PR WASTEWATER MANAGEMENT, INC.
253 Persimmon Ridge Drive
Louisville, KY 40245
(502) 241-9890

September 27, 1999

Enclosed you will find copies of information requested by the Attorney General's office.

This information was sent to the Attorney General on September 20, 1999 per his request. Since there was a 30-day dead line for filing petitions to intervene, we had requested dates on the latest interventions before submitting this information to all other intervening parties.

cc: Ms. Marie Edwards
Mr. John Mann
Ms. Pattie Heady
Mr. Joe Burkhardt
Hon. David E. Spenard/Asst. Attorney General

JOHN B. MANN, Ph.D.

18 Oak Tree Lane
Louisville, Kentucky 40245
Tel: (502) 241-9009
Fax: (502) 241-9712

RECEIVED
OCT 01 1999
PUBLIC SERVICE
COMMISSION

Commonwealth of Kentucky
Public Service Commission
Frankfort, Ky. 40602
Fax: 502-564-7279

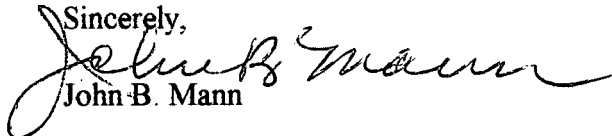
Attn.: Ms. Helen Helton

RE: Case No. 99-331

Dear Ms. Helton:

I am an intervenor in the above case. I am requesting that I reserved the right to ask for a formal, informal, or written comments until I have the opportunity to review the answers to questions submitted by the Attorney General to the Applicant on September 9, 1999. To date, I have not received the answers.

Sincerely,


John B. Mann

6C22-1725-205

(FAX)

JOHN B. MANN, Ph.D.

18 Oak Tree Lane
Louisville, Kentucky 40245
Tel: (502) 241-9009
Fax: (502) 241-9712

Commonwealth of Kentucky
Public Service Commission
Frankfort, Ky. 40602
Fax: 502-564-7279

RECEIVED

SEP 28 1999

PUBLIC SERVICE
COMMISSION

Attn.: Ms. Helen Helton

RE: Case No. 99-331

Dear Ms. Helton:

I am an intervenor in the above case. I am requesting that I reserved the right to ask for a formal, informal, or written comments until I have the opportunity to review the answers to questions submitted by the Attorney General to the Applicant on September 9, 1999. To date, I have not received the answers.

Sincerely,

John B. Mann
John B. Mann

Commonwealth of Kentucky
Public Service Commission
730 Schenkel Lane
Post Office Box 615
Frankfort, KY 40602

RECEIVED
SEP 27 1999
PUBLIC SERVICE
COMMISSION

Re: Case No. 99-331

In the Matter of:

APPLICATION OF P.R. WASTEWATER
MANAGEMENT, INC. FOR AN ADJUSTMENT
OF RATES PURSUANT TO THE ALTERNATIVE
RATE FILING PROCEDURE FOR SMALL UTILITIES

Comes the Petitioner, Pattie Heady, and states to the Commission as follows:

The motion of the above named Petitioner to intervene was granted by its Order dated September 14th, 1999. Since that date, information which has been requested by the Assistant Attorney General, the Honorable David E. Spenard, has been provided to him. According to the Commission's Order of September 14th, 1999, copies of all documents of any kind were to be copied to all other parties of record. To date, I have not received copies of these documents.

Please consider this my motion requesting these copies and that all documents supplied to the Assistant Attorney General be sent to myself and all other intervening parties to this action.

On this the 24th, day of September, 1999, copies of this motion were sent to: Lawren A. Just, Mr. Joe Burkhardt, Mr. John B. Mann, The Hon. David B. Spenard and Marie K. Edwards, parties of record.

Respectfully submitted,



Pattie Heady
251 Persimmon Ridge Drive
Louisville, KY 40245
(502) 243-2616

RECEIVED

SEP 24 1999

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:)
APPLICATION OF P. R. WASTEWATER) CASE NO. 99-331
MANAGEMENT, INC. FOR AN ADJUSTMENT)
OF RATES PURSUANT TO THE ALTERNATIVE)
RATE FILING PROCEDURE FOR SMALL UTILITIES)

WRITTEN COMMENTS TO REPORT OF COMMISSION STAFF

Comes now the Attorney General and provides his written comments to the report of the Commission's Staff.

1. The Applicant seeks recovery for the cost of billing its customers. The Applicant has yet to determine whether the water utility providing service to its customers could provide billing on behalf of the Applicant in a more cost-effective manner. The Attorney General requests the Commission to direct the Applicant to make this determination. If utilizing the water utility for billing results in a lower cost of service, a corresponding adjustment to the Applicant's rate proposal is in order.

WHEREFORE, the Attorney General submits his written comments.

Respectfully submitted,

A.B. CHANDLER III
ATTORNEY GENERAL

David Edward Spenard
David Edward Spenard
Assistant Attorney General
1024 Capital Center Drive
Frankfort, Kentucky 40601-8204
502.696.5457

Certificate of Service and Filing

Counsel certifies that an original and ten photocopies of the foregoing Written Comments to the Report of Commission Staff were served and filed by hand delivery to the Hon. Helen C. Helton, Executive Director, Public Service Commission 730 Schenkel Lane, Frankfort, Kentucky 40601; furthermore, it was served by mailing a true and correct copy of the same, first class postage prepaid, to Lawren A. Just, P. R. Wastewater Management, Inc., 253 Persimmon Ridge Drive, Louisville, Kentucky 40245, Joe Burkhardt, 15 Oak Tree Lane, Louisville, Kentucky 40245, Pattie Heady, 251 Persimmon Ridge Drive, Louisville, Kentucky 40245, Marie K. Edwards, 3 Oak Tree Lane, Louisville, Kentucky 40245, and John B. Mann, 18 Oak Tree Lane, Louisville, Kentucky 40245, all on this 24^h day of September, 1999.

David E. Edl Spemal
Assistant Attorney General

P.R. WASTEWATER MANAGEMENT, INC.

253 Persimmon Ridge Drive

Louisville, KY 40245

502-241-9890

September 20, 1999

Office of Attorney General
Capitol Building
Suite 118
Frankfort, KY 40601

RECEIVED
SEP 21 1999
PUBLIC SERVICE
COMMISSION

RESPONSE to the REQUEST for INFORMATION

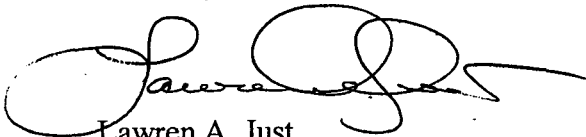
Case NO. 99-331

The following pages are responses to the references included in the request for information. I have answered these to the best of my ability as far as knowing exactly what it was you were seeking. It seemed the majority of the information answered was included in the application for rate increase that you have in your possession.

As for Page 4, Reference 13, Outside services. There were no specific contracts related to these companies for outside services. Their services were acquired as needed. Beckmar Labs does the testing for the DMR's. Flynn Brothers Contractors, Anear Services, TNT and Straeffler Pumps are called as needed in a breakdown of pumping systems. These companies are not held on retainer or under contract. It is our hope that all equipment runs smoothly and routinely with regular maintenance performed by Persimmon Ridge Development.

Please let me know if I can be of any further assistance as this request is processed.

Sincerely,



Lawren A. Just

cc: Scott Lawless, Public Service Commission

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:)
THE ALTERNATIVE RATE FILING)
OF P. R. WASTEWATER MANAGEMENT, INC.)

Case No. 99-331

INITIAL REQUEST FOR INFORMATION
BY THE ATTORNEY GENERAL

Comes now the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits this Initial Request for Information by the Attorney General.

(1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.

(2) Please identify the company witness who will be prepared to answer questions concerning each request.

(3) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.

(4) If any request appears confusing, please request clarification directly from the Office of Attorney General.

(5) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(6) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self evident to a person not familiar with the printout.

(7) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the Office of the Attorney General as soon as possible.

(8) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(9) In the event any document called for has been destroyed or transferred beyond the control of the company state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place; and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

INITIAL REQUEST FOR INFORMATION BY THE ATTORNEY GENERAL

1. Reference: Application Attachment E (U.S. Income Tax Return for an S Corporation). Please provide a copy of the "Statement 3" (Other deductions) that is referenced on line 19 of Form 1120S.
2. Reference: Application, page 5, Item (6)(b). Please explain the statement "The utility plant in service shown in the 1998 annual report is net of all contributions used to offset construction costs." Please include in the explanation the gross utility plant cost and the contribution offset amounts.
3. Reference: Application, Attachment A (Pro forma Operating Income Statement). Please provide a listing of all P.R. Wastewater Management, Inc., employees. For each employee, please provide a job description.
4. Reference: Application, Attachment A (Pro forma Operating Income Statement). Provide a listing of all employees of the Applicant who are also employees of Persimmon Ridge Development Co., Inc. For any employee of the Applicant who is also employed by Persimmon Ridge Development Co., Inc., please provide the employee's Persimmon Ridge Development Co., Inc., job description.
5. Reference: Application, Attachment A (Pro forma Operating Income Statement). Please provide a copy of the contract for maintenance between the Applicant and Persimmon Ridge Development Co., Inc.
6. Reference: Application, Attachment A (Pro forma Operating Income Statement). Prior to the execution of the contract for maintenance between the Applicant and Persimmon Ridge Development Co., Inc., who performed routine maintenance for this plant?
7. Reference: Application, Attachment A (Pro forma Operating Income Statement). Please provide a listing of all owners and officers of Persimmon Ridge Wastewater Management, Inc.
8. Reference: Application, Attachment A (Pro forma Operating Income Statement). For any owner or officer of the Applicant that is also an owner, officer, or employee of Persimmon Ridge Development Co., Inc., please describe that individual's status within Persimmon Ridge Development Co., Inc.

- Reference: Application, Attachment A (Pro forma Operating Income Statement). Prior to the execution of the contract for maintenance between the Applicant and Persimmon Ridge Development Co., Inc., what was the annual amount for this expense category?
10. Reference: Application, Attachment A (Pro forma Operating Income Statement). Provide a description of the "Internal Supervision and Engineering" expense. Include with the description a schedule reflecting the composition of the \$2,855 test year amount.
 11. Reference: Application, Attachment A (Pro forma Operating Income Statement). Provide a description of the "Maintenance of Pumping System" expense. Include with the description a schedule reflecting the composition of the \$1,945 test year amount.
 12. Reference: Application, Attachment A (Pro forma Operating Income Statement). Please provide a schedule detailing the composition of the \$1,945 test year amount for "Outside Services Employed."
 13. Reference: Application, Attachment A (Pro forma Operating Income Statement). Please provide a copy of each contract under which outside service is utilized.
 14. Reference: Application, Attachment A (Pro forma Operating Income Statement). Prior to the execution of each contract for outside service, who performed the service for the utility?
 15. Reference: Application, Attachment A (Pro forma Operating Income Statement). Prior to the execution of the contract(s) under which maintaining customer account information, bookkeeping duties, and general office maintenance is performed, what was the annual amount for the expenditure?
 16. Reference: Application, Attachment A (Pro forma Operating Income Statement). Has the applicant investigated whether customer accounts can be serviced by the utility that provides water service to this area? If yes, please describe the results of the investigation. If no, please explain why there has been no investigation.
 17. Reference: Application, Attachment A, Footnote D and Footnote E (Pro forma Operating Income Statement). Is the replacement flow meter described in Footnote D the same flow meter described in Footnote E?

Reference: Application, Attachment A, Footnote H (Pro forma Operating Income Statement). Identify the individual(s) or entity holding the debt instrument under which interest and principal are being paid.

- 19 Does the Applicant provide free or discounted service to anyone? If yes, please provide a listing of all individuals receiving free or discounted service. For each individual receiving discounted service, please provide the discount amount and the basis for the discount.

Pg. 1 (2) Lawren A. Just, President

Pg. 3 (1) Copy enclosed.

- (2) A set amount of \$737.50 per lot sold is applied to reduce the note on the plant. Existing homes were not back-charged this amount. It was initially calculated based on the remaining lots to be developed and sold from the time the plant was established as a public utility. As new phases are developed, the costs of new lines are absorbed in the construction costs of the phase.
- (3) PR Wastewater Management, Inc. has 2 employees. Lawren A. Just has never taken any pay out of the corporation as the owner/operator. She oversees all operations of the plant, including but not limited to lift station maintenance, lagoon maintenance, and line maintenance. Lisa M. Bush is set up as an employee but not paid, as there has never been enough revenue for payment. Lisa generates all monthly statements and posts all receivables. She handles all office work related to bills and payments.
- (4) Lawren A. Just is the vice-president/general manager of Persimmon Ridge Development. She handles all phases of development of new lots, including initial engineering approvals, construction of utilities, construction of streets, and sales and marketing.
- (5) Copy enclosed.
- (6) Persimmon Ridge Development provided routine maintenance under a lease agreement through the Persimmon Ridge Homeowners' Association. All shortfalls of revenue for the sewer system have to be absorbed by the Development Company.
- (7) Elmore A. Just, Vice-President, 253 Persimmon Ridge Dr., Lou., KY 40245; Lawren A. Just, President, 253 Persimmon Ridge Dr., Lou., KY 40245
- (8) Elmore A. Just, President-Persimmon Ridge Development; Lawren A. Just, Vice President.
- (9) The expense was not separated from all other maintenance expenses of Persimmon Ridge Development.
- (10) See attached.
- (11) See attached.
- (12) Same as #11
- (13) See attached. - *explained in cover letter.*
- (14) Services were unable to be performed by Persimmon Ridge Development or in-house employees. These were specific break-downs in the system that a contractor had to be utilized, or was legal and professional work, we are not qualified to do.
- (15) This was absorbed by Persimmon Ridge Development.
- (16) Russ Rose of N. Shelby Water Company will try and determine what costs would be involved if his office billed these amounts for us. He will then inquire of the Board if they will approve billing. If this can be done, great. However, we would still have some office work related to billings as we

would have to crosscheck their payment to us against all customers on system.

- (17) No. Lightning struck the system and knocked out flow meter. Storms again damaged flow meter and it would not re-calibrate.
- (18) First Capital Bank, 285 N. Hubbards Lane, Louisville, KY 40207
- (19) None.

net. (#1)
page 3

FORM 1120S COMPENSATION OF OFFICERS STATEMENT 1

DESCRIPTION (A) NAME OF OFFICER	(B) SOCIAL SECURITY NUMBER	(C) TIME DEVOTED TO BUSINESS	PCT OF STK	(F) AMOUNT OF COMPENSATION
LAWREN JUST	407-82-3506	100	50.00%	0.
ELMORE JUST	401-70-4033	100	50.00%	0.
TOTAL COMPENSATION OF OFFICERS				0.
LESS: COMPENSATION CLAIMED ELSEWHERE				
TOTAL TO FORM 1120S, PAGE 1, LINE 7				

FORM 1120S TAXES AND LICENSES STATEMENT 2

DESCRIPTION	AMOUNT
TAXES AND LICENSES EXPENSE	1,235.
TOTAL TO FORM 1120S, PAGE 1, LINE 12	1,235.

FORM 1120S OTHER DEDUCTIONS STATEMENT 3

DESCRIPTION	AMOUNT
OTHER DEDUCTIONS	360.
UTILITIES AND TELEPHONE	2,658.
LEGAL AND ACCOUNTING	1,585.
CHEMICALS	392.
AMORTIZATION EXPENSE	336.
TOTAL TO FORM 1120S, PAGE 1, LINE 19	5,331.

SCHEDULE K INTEREST INCOME STATEMENT 4

DESCRIPTION	US	OTHER
PORTFOLIO INTEREST INCOME	0.	16.
TOTAL TO SCHEDULE K, LINE 4A	0.	16.

PERSIMMON RIDGE DEVELOPMENT CO., INC.

253 Persimmon Ridge Drive

Louisville, Ky 40245

(502) 241-9890

**CONTRACT FOR SEWAGE TREATMENT PLANT
OPERATION**

1. Plant owner or responsible party: **P.R. Wastewater Management, Inc.**
253 Persimmon Ridge Drive
Louisville, Ky 40245
2. Location: **Lot 119 Persimmon Ridge**
Louisville, Ky 40245
3. Type and Capacity: **Triple Lagoon System/144,000 gpd**
4. Fee: **\$350.00/month**
5. Fees to be paid in advance on the first day of each month.
6. Period of Contract: **January 1 through December 31, 1999**
7. In the event any portion of this Contract is not fulfilled by the plant owner, a 30 day notice will be given to the owner by the Service Company. After this time, this Contract becomes null and void, and all fees paid to date become the property of the Service Company.
8. It is the general intention of this Contract for the Service Company to provide the labor and supervision for the normal operation and maintenance of the above mentioned System.
9. Items specifically included will be as follows:
 - A. Frequency of Inspection: **Daily**
 - B. Application of chemical as needed
 - C. Major repairs by our Service Department will be charged at the rate of **\$15.00 per man hour and \$.35 per mile.**
 - D. General in-plant analysis to correct and maintain proper operation, i.e. dissolved oxygen, settleable solids, chlorine residual, pH.

10. The Owner will provide all utilities, parts, chemicals, and materials required for operating, maintenance, and maintaining the said System.
11. Other items not specifically included that are Owners responsibility.
 - A. Extra Labor: required or called for by Plant overload, major equipment repairs, general painting of buildings and equipment, piping, etc., flooding, windstorms, etc.
 - B. Sludge Hauling: Owner to provide and pay for hauling excess sludge when required.
 - C. Chemicals: Owner to supply required chemical, i.e. powder, tablet, gas or liquid chlorine, sulfur dioxide, etc.
 - D. Discharge permit analysis: Owner to provide the services of a private laboratory to perform the required analysis to comply with the KPDES permit. (. can make the necessary arrangements upon request.)
12. Access Road: The Owner is to maintain a reasonable access road to plant site.
13. The Service Company will provide its own workmen's compensation and liability insurance.
14. The Service Company will not be liable for vandalism, or breaking and entering the said location.
15. Any unauthorized persons or equipment on said location without the persimmon of the Service Company, will not be the liability of the Service Company.
16. If at any time during this Contract, the plant becomes overloaded due to extra connections, stronger than normal sewage, commercial or industrial waste being added requiring more than normal operation attention, the Service Company reserves the right to negotiate with the Owner for proper compensation.
17. The Owner will equip the plant with the following general tools:
 - A. Broom, brush & handle, rake, shovel, etc.
 - B. 100 feet of garden hose
 - C. Grease gun, grease and oil
18. The Owner should provide protection to all exposed piping to prevent freezing and hampering operational procedure during winter months.
19. The Service Company is not liable for damage due to ice and freezing only to the extent where negligence is indicated.

20. The Service Company is not to be held liable for objections to sewage system, noises, odors, effluent, frothing or other peculiarities inherent to such a system only to the extent of cancellation of this Contract.

By: Lawrence J. [Signature] V.P.
Date: 5-27-99

By: Persimmon Ridge Coop Course, Inc.
Date: 5-27-99

page 3
ref. 5



Persimmon Ridge
Development

May 27, 1996

This is to state that Persimmon Ridge Golf Course, Inc., d.b.a. Persimmon Ridge Development, agrees to maintain the grounds of the PR Wastewater Maintenance facility. This maintenance includes but is not limited to mowing and weed-eating around all lift stations and lagoons, and any and all other occasional maintenance to lift stations and lagoons capable of being handled by Persimmon Ridge Development. The fee for these services shall be \$4200.00 per year, and this agreement is renewable unless otherwise notified by 30 days written notice from either party.

Elmore A. Just 5-27-96

Elmore A. Just Date
President, Persimmon Ridge Development

Ref. (#10)
page 3

PRWastewater Management
Find Report
All Transactions

09/16/99

Type	Date	Num	Name	Memo	Account	Clr	Split	Amount	Balance
Bill	1/20/98	1835	Anear Services, Inc.		232 Accounts Pay...			-485.82	-485.82
Bill	1/28/98	1846	Anear Services, Inc.		232 Accounts Pay...			-126.21	-612.03
								-612.03	-612.03
Total									

09/16/99

PRWastewater Management
Find Report
All Transactions

Type	Date	Num	Name	Memo	Account	Clr	Split	Amount	Balance
Bill	2/27/98	14393	Staeffer Pump & S.		232 Accounts Pay		701-B Pumpin...	-206.64	-206.64
Total								-206.64	-206.64

Management, Inc

enance

Bill #916
Bill #917
Bill #918

Ref (#10)

11/18/98

001091

954.00
1,200.00
500.00

131 Checking

2,654.00

T n T
 Tenance, Inc. d.b.a. (TnT)
 Seneca Drive
 Georgetown, IN 47122

1-812-951-1300
 1-812-951-3734

POSTED
 10/31/98

Invoice

Invoice Number: 918
 Invoice Date: Oct 8, 1998
 Page: 1

Duplicate

PLEASE REMIT TO:
 T & T MAINTENANCE,
 8160 Seneca Drive
 Georgetown, Indiana 47122

Sold To:
 P.R. Wastewater Mgmt. Inc.
 253 Persimmon Ridge Drive
 Louisville, KY 40245

Customer ID: PERSIM

Customer PO	Payment Terms	Due Date	Sales Rep ID
verbal L. Just	Due at end of Month	10/31/98	

Quantity	Item	Description	Unit Price	Extension
1.00		Service: Installation of Flowmeter, calibration and certification of same which was performed as the prior flowmeter was damaged by lightning and ir-repairable	500.00	500.00

PAID

Check No:

Subtotal	500.00
Sales Tax	
Total Invoice Amount	500.00
Payment Received	0.00
TOTAL	500.00

T n T
 tenance, Inc. d.b.a. (TnT)
 ca Drive
 own, IN 47122

1-812-951-1300
 1-812-951-3734

POSTED
 10/12/98

Invoice

Invoice Number: 917
 Invoice Date: Oct 7, 1998
 Page: 1

Duplicate

PLEASE REMIT TO:
 T & T MAINTENANCE,
 8160 Seneca Drive
 Georgetown, Indiana 47122

Sold To:
 P.R. Wastewater Mgmt. Inc.
 253 Persimmon Ridge Drive
 Louisville, KY 40245

Customer ID: PERSIM

Customer PO	Payment Terms	Due Date	Sales Rep ID
Verbal LJust	Due at end of Month	10/31/98	

Quantity	Item	Description	Unit Price	Extension
1.00		Installation of power cable to 4 aerators, includes motor inspection of 3 aerators.	1,200.00	1,200.00

PAID

Check No:

Subtotal 1,200.00
 Sales Tax
 Total Invoice Amount 1,200.00
 Payment Received 0.00
TOTAL 1,200.00

HEAVY/HIGHWAY CONSTRUCTION
MAINTENANCE/RECREATIONAL COATINGS

POSTED 10/13/98

INVOICE DATE
9-30-98

INVOICE

3616

ADDRESS: P.O. BOX 32065 ■ LOUISVILLE, KY 40232 ■ PHONE 364-9100

EQUAL OPPORTUNITY EMPLOYER

Lift Sta. repairs

PROJECT: _____

Persimmon Ridge Devel. Co.
253 Persimmon Ridge Dr.
Louisville, KY 40245
ATTN: Mrs. Lawren Just

COMPLETE PARTIAL

RETAINAGE

7581-15

OUR ORDER NO. _____ YOUR ORDER NO. _____ SALESMAN _____ TERMS _____

For repairs to lift station as directed 9-24-98 per attached:

TOTAL THIS INVOICE: \$336.00

PLU

PAID 11/25/98

P.R. Wastewater Management, Inc.

Flynn Brothers

09/30/98

Bill #3616

11/25/98

001092

336.00

31 Checking repairs to lift station

336.00

TOOK CARE OF Problem.

WORK AUTHORIZED BY _____

ref. (#11)

page 3

Carpenter, Mountjoy & Bressler

Certified Public Accountants and Consultants

175 East Main Street, Suite 200
Lexington, Kentucky 40507
(606) 255-4950

The Ernst Mansion
405 Garrard Street
Covington, Kentucky 41011
(606) 431-1975

Remit all payments to:

2300 Waterfront Plaza
Louisville, Kentucky 40202-4256
(502) 589-5950
Fax (502) 568-5626

P.R. WASTE TREATMENT INC.
253 PERSIMMON RIDGE DRIVE
LOUISVILLE, KY 40245

Client #: 4258

INVOICE 15277

April 15, 1998

For Professional Services Rendered:

PREPARATION OF CORPORATE INCOME TAX RETURNS FOR THE YEAR ENDING DECEMBER 31, 1997; PREPARATION OF COMPILED FINANCIAL STATEMENT FOR THE YEAR ENDING DECEMBER 31, 1997; PREPARATION OF ANNUAL REPORT FOR THE PUBLIC SERVICE COMMISSION; PARTIAL COMPLETION OF PORPERTY TAX RETURN FOR PUBLIC SERVICE COMMISSION

Total Amount for Invoice # 15277	1,585.00
Beginning Balance	1,475.00
No Payments This Period	0.00
Amount Due This Bill	<u><u>\$3,060.00</u></u>

0-30 Days	31-60 Days	61-90 Days	91-120 Days	> 120 Days	Total A/R
1,585.00	0.00	0.00	0.00	1,475.00	3,060.00

Amount Due is payable upon receipt of bill. Thank you for keeping your account current.

09/16/99

PRWastewater Management Find Report All Transactions

Ref #11

Type	Date	Num	Name	Memo	Account	Clr	Split	Amount	Balance
Bill	5/18/98	23331	Beckmar Labs	23331	232 Accounts Pay...		923 Outside S...	-180.00	-180.00
Total								-180.00	-180.00

09/16/99

PRWastewater Management Find Report All Transactions

Ref. # 111)

Type	Date	Num	Name	Memo	Account	Clr	Split	Amount	Balance
Bill	4/29/98	22988	Beckmar Labs		22988		923 Outside S...	-180.00	-180.00
Total								-180.00	-180.00



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

September 17, 1999

To: All parties of record

RE: Case No. 99-331

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

Stephanie Bell
Stephanie Bell
Secretary of the Commission

SB/hv
Enclosure

Ms. Lawten A. Just
President
P. R. Wastewater Management, Inc.
253 Persimmon Ridge Drive
Louisville, KY 40245

Mr. Joe Burkhardt
15 Oak Tree Lane
Louisville, KY 40245

Mr. John B. Mann
18 Oak Tree Lane
Louisville, KY 40245

Honorable David E. Spenard
Assistant Attorney General
1024 Capital Center Drive
Frankfort, KY 40601 8204

Pattie Heady
251 Persimmon Ridge Drive
Louisville, KY 40245

Marie K. Edwards
3 Oak Tree Lane
Louisville, KY 40245

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF P. R. WASTEWATER)
MANAGEMENT, INC. FOR A RATE ADJUSTMENT) CASE NO.
PURSUANT TO THE ALTERNATIVE RATE FILING) 99-331
PROCEDURE FOR SMALL UTILITIES)

ORDER

On August 3, 1999, P. R. Wastewater Management, Inc. ("P. R.") filed its application for Commission approval of proposed sewer rates. Commission Staff, having performed a limited financial review of P. R.'s operations, has prepared the attached Staff Report containing Staff's findings and recommendations regarding the proposed rates. All parties should review the report carefully and provide any written comments or requests for a hearing or informal conference no later than 10 days from the date of this Order.

IT IS THEREFORE ORDERED that all parties shall have no more than 10 days from the date of this Order to provide written comments regarding the attached Staff Report or requests for hearing or informal conference. If no request for a hearing or informal conference is received, this case will be submitted to the Commission for a decision.

Done at Frankfort, Kentucky, this 17th day of September, 1999.

ATTEST:

By the Commission


Executive Director

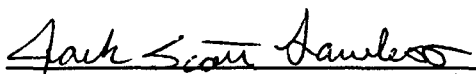
STAFF REPORT
ON
P. R. WASTEWATER MANAGEMENT, INC.
CASE NO. 99-331

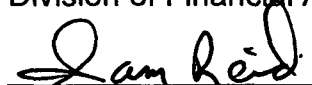
On March 31, 1999, the Public Service Commission ("Commission") received a letter from P. R. Wastewater Management, Inc. ("P. R.") requesting Commission assistance with the preparation of a rate application. Commission Staff ("Staff") provided that assistance by performing a limited financial review of P. R.'s test year operations, the calendar year ending December 31, 1998. The scope of Staff's review was limited to obtaining information as to whether the test period operating revenues and expenses were representative of normal operations. Insignificant or immaterial discrepancies were not pursued and are not addressed herein.

Upon completion of the review, Staff assisted P. R. in the development and preparation of a rate application. The application was filed with the Commission on August 3, 1999. The application included an adjusted pro forma operating income statement wherein adjustments were made to test year operating revenues and expenses that were known and measurable and deemed to be reasonable. The rates proposed in the application were based on the pro forma income statement. The pro forma income statement supports a revenue requirement of \$37,246. The rate proposed to meet that requirement is a flat monthly fee of \$26.30 per residential customer and residential equivalent. The proposed rate is a 48.69 percent increase over the current monthly fee of \$17.69.

The pro forma income statement and revenue requirement calculation have been attached to this report as Attachment A. Attachment B details the calculation of the recommended rate. Sam Reid is responsible for all revenue adjustments and the calculation of the recommended rate. Scott Lawless is responsible for the determination of the revenue requirement. Based on the information included in this report, Staff is of the opinion that the rate proposed by P. R. in its application is reasonable and should be approved by this Commission.

Signatures


Prepared by: Jack Scott Lawless, CPA
Financial Analyst, Water and Sewer
Revenue Requirements Branch
Division of Financial Analysis


Prepared by: Sam Reid
Rate Analyst, Communications, Water,
and Sewer Rate Design Branch
Division of Financial Analysis

ATTACHMENT A
STAFF REPORT CASE NO. 99-331
P. R.'S REQUESTED AND STAFF'S RECOMMENDED OPERATIONS

	Test Year 12/31/98	Adjustments	Ref.	Pro forma Present Rates
Operating Revenue				
Sewer Service Revenue	22,903	660	A	23,563
Other Operating Revenue				-
Total Operating Revenue	22,903	660		23,563
Operating Expenses				
Operation and Maintenance Expenses				
Owner Manager Fee	3,600			3,600
Purchased Power	2,658			2,658
Chemicals	392			392
Maintenance Fee	4,200			4,200
Internal Supervision and Engineering	2,855	(1,360)	B	1,495
Maintenance of Pumping System	1,311	(859)	C	452
Outside Services Employed	1,945	3,600	D	5,545
Total Operation and Maintenance	16,961	1,381		18,342
Depreciation Expense	5,979			5,979
Taxes Other Than Income	1,235			1,235
Total Operating Expenses	24,175	1,381		25,556
Net Operating Income	(1,272)	(721)		(1,993)

Revenue Requirement Calculation (Based on an 88% Operating Ratio)

Pro Forma Operating Expenses	25,556	
Divided by: 88%	88%	
Sub-total	29,041	
Plus: Interest Expense	8,094	E
Amortization Expense	112	F
Total Revenue Required	37,246	

ATTACHMENT A
STAFF REPORT CASE NO. 99-331
P. R.'S REQUESTED AND STAFF'S RECOMMENDED OPERATIONS

A) Sewer Service Revenues. Sewer service revenues were adjusted to reflect the number of customers on the system as of May 18, 1999, and the 17 new homes that were under construction at that time. The adjustment was calculated as follows:

Current Monthly Rate	\$17.69
Times: Number of pro forma customers	111.00
12 months	<u>12.00</u>
Pro forma	23,563.00
Less: Test year	<u>(22,903.00)</u>
Adjustment	<u>\$660.00</u>

B) Internal Supervision and Engineering. Test year internal supervision and engineering expenses included \$1,200 for aerator repairs and \$500 for a portion of flow meter repairs. Both of these items were considered to be nonrecurring and were amortized over 5 years. Test year expenses were therefore decreased by \$1,360 ($\$1,700 / 5 \text{ years} = \340 , $\$340 - \$1,700 = (\$1,360)$).

C) Maintenance of Pumping Equipment. Test year maintenance of pumping equipment included \$954 for the remainder of the flow meter repairs and \$120 for grass carp to put in the lagoon. Both of these items were considered to be nonrecurring and were amortized over 5 years. Test year expenses were therefore decreased by \$859 ($\$1,074 / 5 \text{ years} = \215 , $\$215 - \$1,074 = (\$859)$).

D) Outside Services Employed. An employee of Persimmon Ridge Development, an affiliated company, maintains all customer account information including monthly billings and collections and performs all bookkeeping duties for P. R. No costs related to these services were included in P. R.'s test period operations. The estimated cost of these services was determined to be \$3,600 based on 400 annual labor hours at \$9 per

ATTACHMENT A
STAFF REPORT CASE NO. 99-331
P. R.'S REQUESTED AND STAFF'S RECOMMENDED OPERATIONS

hour. The hourly rate includes a wage rate as well as all payroll overhead costs. Test year expenses were increased by \$3,600 to reflect the cost of these services.

E) Interest Expense. Interest expense accrued on long-term debt that was approved by the Commission in Case No. 96-238 has been included as a revenue requirement in this case on a dollar for dollar basis. The annual recovery was determined by calculating the average annual interest payments for the next five years.

F) Amortization Expense. Prior year legal fees incurred to manage the sale and financing of the treatment plant have been amortized over 15 years. The Commission approved the plant ownership transfer in Case No. 96-238. Recovery of the amortization has been included as a revenue requirement on a dollar for dollar basis.

ATTACHMENT B
STAFF REPORT CASE NO. 99-331
CALCULATION OF THE RECOMMENDED RATE

Revenue Requirement	<u>\$37,246.00</u>
Divide by: Residential Equivalents	
Number of Residential Customers	93.00
Club House Residential Equivalents	8.00
Number of Single Family Residents Under Construction	<u>17.00</u>
 Total Residential Equivalents	 <u>118.00</u>
 Revenue Requirement Divided by Residential Equivalent	 315.64
Divide by: 12 Months	<u>12.00</u>
 Recommended Monthly Rate	 <u>\$26.30</u>



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

September 14, 1999

To: All parties of record

RE: Case No. 99-331

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Bell".

Stephanie Bell
Secretary of the Commission

SB/hv
Enclosure

Ms. Lawrén A. Just
President
P. R. Wastewater Management, Inc.
253 Persimmon Ridge Drive
Louisville, KY 40245

Mr. Joe Burkhardt
15 Oak Tree Lane
Louisville, KY 40245

Mr. John B. Mann
18 Oak Tree Lane
Louisville, KY 40245

Honorable David E. Spenard
Assistant Attorney General
1024 Capital Center Drive
Frankfort, KY 40601 8204

Pattie Heady
251 Persimmon Ridge Drive
Louisville, KY 40245

Marie K. Edwards
3 Oak Tree Lane
Louisville, KY 40245

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF P. R. WASTEWATER)	
MANAGEMENT, INC. FOR AN ADJUSTMENT)	CASE NO.
OF RATES PURSUANT TO THE ALTERNATIVE)	99-331
RATE FILING PROCEDURE FOR SMALL)	
UTILITIES)	

O R D E R

This matter arising upon the motions of Marie K. Edwards and Pattie Heady (hereinafter referred to as "Petitioners") for full intervention, and it appearing to the Commission that Petitioners have a special interest which is not otherwise adequately represented, and that such intervention is likely to present issues and develop facts that will assist the Commission in fully considering the matter without unduly complicating or disrupting the proceedings, and this Commission being otherwise sufficiently advised,

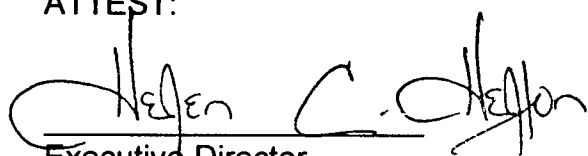
IT IS HEREBY ORDERED that:

1. The motions of Petitioners to intervene are granted.
2. Each Petitioner shall be entitled to the full rights of a party and shall be served with the Commission's Orders and with filed testimony, exhibits, pleadings, correspondence, and all other documents submitted by parties after the date of this Order.
3. Should any Petitioner file documents of any kind with the Commission in the course of these proceedings, said Petitioner shall also serve a copy of said documents on all other parties of record.

Done at Frankfort, Kentucky, this 14th day of September, 1999.

By the Commission

ATTEST:



Helen C. Shelton

Executive Director

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

PUBLIC SERVICE
COMMISSION
SEP 09 1999

In the Matter of:)
THE ALTERNATIVE RATE FILING)
OF P. R. WASTEWATER MANAGEMENT, INC.)

RECEIVED
Case No. 99-331

INITIAL REQUEST FOR INFORMATION
BY THE ATTORNEY GENERAL

Comes now the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits this Initial Request for Information by the Attorney General.

(1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.

(2) Please identify the company witness who will be prepared to answer questions concerning each request.

(3) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.

(4) If any request appears confusing, please request clarification directly from the Office of Attorney General.

(5) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(6) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self evident to a person not familiar with the printout.

(7) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the Office of the Attorney General as soon as possible.

(8) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(9) In the event any document called for has been destroyed or transferred beyond the control of the company state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

INITIAL REQUEST FOR INFORMATION BY THE ATTORNEY GENERAL

1. Reference: Application Attachment E (U.S. Income Tax Return for an S Corporation). Please provide a copy of the "Statement 3" (Other deductions) that is referenced on line 19 of Form 1120S.
2. Reference: Application, page 5, Item (6)(b). Please explain the statement "The utility plant in service shown in the 1998 annual report is net of all contributions used to offset construction costs." Please include in the explanation the gross utility plant cost and the contribution offset amounts.
3. Reference: Application, Attachment A (Pro forma Operating Income Statement). Please provide a listing of all P.R. Wastewater Management, Inc., employees. For each employee, please provide a job description.
4. Reference: Application, Attachment A (Pro forma Operating Income Statement). Provide a listing of all employees of the Applicant who are also employees of Persimmon Ridge Development Co., Inc. For any employee of the Applicant who is also employed by Persimmon Ridge Development Co., Inc., please provide the employee's Persimmon Ridge Development Co., Inc., job description.
5. Reference: Application, Attachment A (Pro forma Operating Income Statement). Please provide a copy of the contract for maintenance between the Applicant and Persimmon Ridge Development Co., Inc.
6. Reference: Application, Attachment A (Pro forma Operating Income Statement). Prior to the execution of the contract for maintenance between the Applicant and Persimmon Ridge Development Co., Inc., who performed routine maintenance for this plant?
7. Reference: Application, Attachment A (Pro forma Operating Income Statement). Please provide a listing of all owners and officers of Persimmon Ridge Wastewater Management, Inc.
8. Reference: Application, Attachment A (Pro forma Operating Income Statement). For any owner or officer of the Applicant that is also an owner, officer, or employee of Persimmon Ridge Development Co., Inc., please describe that individual's status within Persimmon Ridge Development Co., Inc.

9. Reference: Application, Attachment A (Pro forma Operating Income Statement). Prior to the execution of the contract for maintenance between the Applicant and Persimmon Ridge Development Co., Inc., what was the annual amount for this expense category?
10. Reference: Application, Attachment A (Pro forma Operating Income Statement). Provide a description of the "Internal Supervision and Engineering" expense. Include with the description a schedule reflecting the composition of the \$2,855 test year amount.
11. Reference: Application, Attachment A (Pro forma Operating Income Statement). Provide a description of the "Maintenance of Pumping System" expense. Include with the description a schedule reflecting the composition of the \$1,945 test year amount.
12. Reference: Application, Attachment A (Pro forma Operating Income Statement). Please provide a schedule detailing the composition of the \$1,945 test year amount for "Outside Services Employed."
13. Reference: Application, Attachment A (Pro forma Operating Income Statement). Please provide a copy of each contract under which outside service is utilized.
14. Reference: Application, Attachment A (Pro forma Operating Income Statement). Prior to the execution of each contract for outside service, who performed the service for the utility?
15. Reference: Application, Attachment A (Pro forma Operating Income Statement). Prior to the execution of the contract(s) under which maintaining customer account information, bookkeeping duties, and general office maintenance is performed, what was the annual amount for the expenditure?
16. Reference: Application, Attachment A (Pro forma Operating Income Statement). Has the applicant investigated whether customer accounts can be serviced by the utility that provides water service to this area? If yes, please describe the results of the investigation. If no, please explain why there has been no investigation.
17. Reference: Application, Attachment A, Footnote D and Footnote E (Pro forma Operating Income Statement). Is the replacement flow meter described in Footnote D the same flow meter described in Footnote E?

18. Reference: Application, Attachment A, Footnote H (Pro forma Operating Income Statement). Identify the individual(s) or entity holding the debt instrument under which interest and principal are being paid.

19. Does the Applicant provide free or discounted service to anyone? If yes, please provide a listing of all individuals receiving free or discounted service. For each individual receiving discounted service, please provide the discount amount and the basis for the discount.

Respectfully submitted,

A.B. CHANDLER III
ATTORNEY GENERAL

David Edward Spenard

David Edward Spenard
Assistant Attorney General
1024 Capital Center Drive
Frankfort, Kentucky 40601-8204
(502) 573-4994 - ~~696-5457~~

CERTIFICATE OF SERVICE AND FILING

Counsel certifies that an original and true copy of the information by the Attorney General were served on Hon. Helen C. Helton, Executive Director, Permitting Division, 18 Oak Tree Lane, Frankfort, Kentucky 40601; furthermore, a correct copy of the same, first class postage paid, was sent to Wastewater Management, Inc., 253 Persimmon Lane, Louisville, Kentucky 40245, Joe Burkhardt, 15 Oak Tree Lane, Louisville, Kentucky 40245, all on this 9th day of September, 1999.

*FAX
573-8715*

David Edward Spenard
Assistant Attorney General

99-331_dr1

Respectfully submitted,

A.B. CHANDLER III
ATTORNEY GENERAL

David Edward Spenard

David Edward Spenard
Assistant Attorney General
1024 Capital Center Drive
Frankfort, Kentucky 40601-8204
(502) 573-4994 → 696-9457

CERTIFICATE OF SERVICE AND FILING

Counsel certifies that an original and ten photocopies of this Initial Request for Information by the Attorney General were served and filed by hand delivery to the Hon. Helen C. Helton, Executive Director, Public Service Commission 730 Schenkel Lane, Frankfort, Kentucky 40601; furthermore, it was served by mailing a true and correct copy of the same, first class postage prepaid, to Lawren A. Just, P. R. Wastewater Management, Inc., 253 Persimmon Ridge Drive, Louisville, Kentucky 40245, Joe Burkhardt, 15 Oak Tree Lane, Louisville, Kentucky 40245, and John B. Mann, 18 Oak Tree Lane, Louisville, Kentucky 40245, all on this 9th day of September, 1999.

David Edward Spenard
Assistant Attorney General

99-331_dr1

FAX
573-8315

August 8, 1999

RECEIVED

AUG 30 1999

PUBLIC SERVICE
COMMISSION

Executive Director
Public Service Commission
730 Schenkel Lane
Frankfort, KY 40602

Hon. Executive Director,

Case No. 99-331

I recently received a notice that the sewer charges for my home in Persimmon Ridge, would be increased from \$17.69 per month to \$26.30 per month. Please consider this letter my "motion to intervene" and a request that your office examine and take into consider the following as grounds:

1. When the original rate was mandated, there were probably two thirds less residents participating in the sewer usage and therefore much less income to the provider. The residents anticipated a decrease in charges, not an increase, when more people were sharing the costs involved.
2. We are presently experiencing charges of more than twice the amount charged by other providers.
3. I am a Persimmon Ridge home owner, like many others, partially retired and living on a fixed income. While the cost of living is increasing, it is increasing nowhere near the approximately 49% now being requested while we were expecting a decrease due to the additional new dwellings being added.
4. Because our water and sewers are billed separately, it is not possible to bill according to usage, which is the fairer structure; but, in Persimmon Ridge, one person, with one income, has the same sewer charges as a large family with dual and triple incomes.

Thanking you in advance for your assistance in this matter, I am

Very sincerely yours,

Mari K. Edwards

Persimmon Ridge home owner

3 Oak Tree Lane 241-1727

Address and phone number

Lou., Ky 40245

August 10, 1999

Executive Director
Public Service Commission
730 Schenkel Lane
PO Box 615
Frankfort, Ky. 40602

REC'D
AUG 12 1999
PUBLIC SERVICE
COMMISSION

Commissioners:

This letter has reference to a notice that we received on Tuesday, August 3rd, 1999 wherein we were advised that PR Wastewater Management, Inc. located at 253 Persimmon Drive Louisville, Kentucky, 40245 has made application to the PSC of Kentucky for a rate adjustment.

Inasmuch as my wife and I are residents of Persimmon Ridge and therefore serviced by PR Wastewater Management, Inc. we have a direct interest in these proceedings.

Therefore we would like to be included in the list of intervenors relevant to this case.

Thank you for your time and consideration,



Joe Burkhardt
15 Oak Tree Lane
Louisville, Kentucky 40245

August 8, 1999

AUG 10 1999

PUBLIC SERVICE COMMISSION

Executive Director
Public Service Commission
730 Schenkel Lane
Frankfort, KY 40602

Hon. Executive Director,

Case No. 99-331

I recently received a notice that the sewer charges for my home in Persimmon Ridge, would be increased from \$17.69 per month to \$26.30 per month. Please consider this letter my "motion to intervene" and a request that your office examine and take into consider the following as grounds:

1. When the original rate was mandated, there were probably two thirds less residents participating in the sewer usage and therefore much less income to the provider. The residents anticipated a decrease in charges, not an increase, when more people were sharing the costs involved.
2. We are presently experiencing charges of more than twice the amount charged by other providers. I am including copies of water and sewer statements paid by other members of my family for comparisons.
3. I am a Persimmon Ridge home owner, like many others, partially retired and living on a fixed income. While the cost of living is increasing, it is increasing nowhere near the approximately 49% now being requested while we were expecting a decrease due to the additional new dwellings being added.
4. Because our water and sewers are billed separately, it is not possible to bill according to usage, which is the fairer structure; but, in Persimmon Ridge, one person, with one income, has the same sewer charges as a large family with dual and triple incomes.

Thanking you in advance for your assistance in this matter, I am

Very sincerely yours,

Pattie Heady

Pattie Heady
251 Persimmon Ridge Drive
Louisville, KY 40245
(502) 243-2616 Fax (502) 243-2641

Drainage Statement

LOUISVILLE & JEFFERSON COUNTY METROPOLITAN
SEWER DISTRICT DRAINAGE 587-0603

TELEPHONE CUSTOMER SERVICE HOURS
MONDAY—FRIDAY 8:15 A.M. — 5:00 P.M.

ITEM	AMOUNT
PREVIOUS BALANCE	.00
CURRENT DRAINAGE	6.30
TOTAL DRAINAGE	6.30

Sewer Statement

METROPOLITAN SEWER DISTRICT
587-0603

SERVICE		NUMBER OF DAYS
FROM	TO	
04/08	06/09	62

ITEM	AMOUNT
PREVIOUS BALANCE	.00
CURRENT SEWER	18.32
TOTAL SEWER	18.32

Water Statement

LOUISVILLE WATER COMPANY 583-6610 TDD 569-3601

YOUR ACCOUNT NUMBER IS

TELEPHONE CUSTOMER SERVICE HOURS
MONDAY—FRIDAY 8:00 A.M. — 8:00 P.M.
SATURDAY 8:30 A.M. — 12:30 P.M.

CASHIER HOURS
MONDAY—FRIDAY
8:00 A.M.—5:00 P.M.

07 7

6 11151-02

SERVICE ADDRESS 108 N RASTETTER AVE

ATTACHMENT 124387

SERVICE		NUMBER OF DAYS	AVERAGE COST PER DAY
FROM	TO		
04/08	06/09	62	.26

METER READINGS		CONSUMPTION IN UNITS OF 1000 GALLONS
FROM	TO	
632	638	6

METER SIZE 5/8 INCH

ITEM	AMOUNT
PREVIOUS BALANCE	.00
CURRENT WATER	16.00
TOTAL WATER	16.00

Handwritten: 2127
7/15/99
↑

LAST PAYMENT AMOUNT 40.62 DATE PROCESSED APR 26 1999

PAY THIS AMOUNT AFTER DUE DATE	42.66	DUE DATE 07-07-99	PAY THIS AMOUNT BY DUE DATE	40.62
-----------------------------------	-------	----------------------	--------------------------------	-------

Drainage Statement

LOUISVILLE & JEFFERSON COUNTY METROPOLITAN
SEWER DISTRICT DRAINAGE 587-0603

TELEPHONE CUSTOMER SERVICE HOURS
MONDAY-FRIDAY 8:15 A.M. - 5:00 P.M.

ITEM	AMOUNT
PREVIOUS BALANCE	.00
CURRENT DRAINAGE	6.30
TOTAL DRAINAGE	6.30

Sewer Statement

METROPOLITAN SEWER DISTRICT
587-0603

SERVICE		NUMBER OF DAYS
FROM	TO	
02/09	04/08	58

ITEM	AMOUNT
PREVIOUS BALANCE	.00
CURRENT SEWER	18.32
TOTAL SEWER	18.32

Water Statement

LOUISVILLE WATER COMPANY 583-6610 TDD 569-3601

YOUR ACCOUNT NUMBER IS

TELEPHONE CUSTOMER SERVICE HOURS
MONDAY-FRIDAY 8:00 A.M. - 8:00 P.M.
SATURDAY 8:30 A.M. - 12:30 P.M.

CASHIER HOURS
MONDAY-FRIDAY
8:00 A.M. - 5:00 P.M.

07 7

6 11151-02

SERVICE ADDRESS 108 N RASTETTER AVE
ATTACHMENT 124387

SERVICE		NUMBER OF DAYS	AVERAGE COST PER DAY
FROM	TO		
02/09	04/08	58	.28

METER READINGS		CONSUMPTION IN UNITS OF 1000 GALLONS
FROM	TO	
626	632	6

METER SIZE 5/8 INCH

ITEM	AMOUNT
PREVIOUS BALANCE	.00
CURRENT WATER	16.00
TOTAL WATER	16.00

2097
4/22/99
EF

LAST PAYMENT AMOUNT 40.62
DATE PROCESSED MAR 04 1999

PAY THIS AMOUNT 42.66 AFTER DUE DATE	DUE DATE 05-10-99	PAY THIS AMOUNT 40.62 BY DUE DATE
--	----------------------	---

Drainage Statement

LOUISVILLE & JEFFERSON COUNTY METROPOLITAN
SEWER DISTRICT DRAINAGE 587-0603
TELEPHONE CUSTOMER SERVICE HOURS
MONDAY-FRIDAY 8:15 A.M. - 5:00 P.M.

ITEM	AMOUNT
PREVIOUS BALANCE	.00
CURRENT DRAINAGE	6.30
TOTAL DRAINAGE	6.30

Sewer Statement

METROPOLITAN SEWER DISTRICT
587-0603

SERVICE		NUMBER OF DAYS
FROM	TO	
12/10	02/09	61

ITEM	AMOUNT
PREVIOUS BALANCE	.00
CURRENT SEWER	18.32
TOTAL SEWER	18.32

Water Statement

LOUISVILLE WATER COMPANY 583-6610 TDD 569-3601

TELEPHONE CUSTOMER SERVICE HOURS MONDAY-FRIDAY 8:00 A.M. - 8:00 P.M.
SATURDAY 8:30 A.M. - 12:30 P.M.

CASHIER HOURS MONDAY-FRIDAY 8:00 A.M. - 5:00 P.M.

YOUR ACCOUNT NUMBER IS

07 7

6 11151-02

SERVICE ADDRESS 108 N RASTETTER AVE
ATTACHMENT 124387

SERVICE		NUMBER OF DAYS	AVERAGE COST PER DAY
FROM	TO		
12/10	02/09	61	.26

METER READINGS		CONSUMPTION IN UNITS OF 1000 GALLONS
FROM	TO	
620	626	6

METER SIZE 5/8 INCH

LAST PAYMENT AMOUNT 43.06 DATE PROCESSED DEC 22 1998

ITEM	AMOUNT
PREVIOUS BALANCE	.00
CURRENT WATER	16.00
TOTAL WATER	16.00

3-2-99
#2072
EF

PAY THIS AMOUNT 42.66	DUE DATE 03-09-99	PAY THIS AMOUNT 40.62
AFTER DUE DATE		BY DUE DATE

1998

0. *
41.68 +
38.86 +
47.32 +
42.81 +
45.94 +
43.06 +
006.....
259.67 *

all Bi-monthly Billing

SPOLITAN
587-0603

ITEM	AMOUNT
PREVIOUS BALANCE	.00
CURRENT DRAINAGE	6.00
TOTAL DRAINAGE	6.00

STRICT

ITEM	AMOUNT
PREVIOUS BALANCE	.00
CURRENT SEWER	18.62
TOTAL SEWER	18.62

Water Statement

LOUISVILLE WATER COMPANY

583-6610 TDD 569-3601

YOUR ACCOUNT NUMBER IS

TELEPHONE CUSTOMER SERVICE HOURS
MONDAY - FRIDAY 8:00 A.M. - 8:00 P.M.
SATURDAY 8:30 A.M. - 12:30 P.M.

CASHIER HOURS
MONDAY - FRIDAY
8:00 A.M. - 5:00 P.M.

07 7

6 11151-02

SERVICE ADDRESS 108 N RASTETTER AVE

ATTACHMENT 124387

SERVICE FROM	TO	NUMBER OF DAYS	AVERAGE COST PER DAY
12/12	02/12	62	.28

METER READINGS		CONSUMPTION
FROM	TO	IN UNITS OF 1000 GALLONS
576	583	7

METER SIZE 5/8 INCH

ITEM	AMOUNT
PREVIOUS BALANCE	.00
CURRENT WATER	17.06
TOTAL WATER	17.06

1908
3/3/98

LAST PAYMENT AMOUNT 44.06
DATE PROCESSED DEC 29 1997

PAY THIS AMOUNT 43.76	DUE DATE 03-09-98	PAY THIS AMOUNT 41.68
AFTER DUE DATE		BY DUE DATE

Commonwealth of Kentucky
Before the Public Service Commission

FILED

AUG 13 1999

RECEIVED
103

In the Matter of:)
THE ALTERNATIVE RATE FILING)
OF P. R. WASTEWATER MANAGEMENT, INC.)

Case No. 99-331

MOTION TO INTERVENE

Comes now the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, pursuant to KRS 367.150(8), and moves to intervene in the above-styled proceeding. The Attorney General requests that he be permitted to intervene as a party to the fullest extent permitted by law in order to execute his statutory duties pursuant to KRS 367.150(8).

Respectfully submitted,

A. B. CHANDLER III
ATTORNEY GENERAL

David Edward Spenard
David Edward Spenard
Assistant Attorney General
1024 Capital Center Drive
Frankfort, KY 40601-8204
502.696.5457

Certificate of Service and Filing

Counsel certifies that an original and ten photocopies of this Motion to Intervene were served and filed by hand delivery to the Hon. Helen C. Helton, Executive Director, Public Service Commission 730 Schenkel Lane, Frankfort, Kentucky 40601; furthermore, it was served by mailing a true and correct copy of the same, first class postage prepaid, to Lawren A. Just, P. R. Wastewater Management, Inc., 253 Persimmon Ridge Drive, Louisville, KY. 40245, on this 13th day of August, 1999.

David Edmund Spensard
Assistant Attorney General

JOHN B. MANN, Ph.D.

18 Oak Tree Lane
Louisville, Kentucky 40245
Tel: (502) 241-9009
Fax: (502) 241-9712

FILED
AUG 1 1 1999
PUBLIC SERVICE
COMMISSION

August 9, 1999

Executive Director
Public Service Commission
730 Schenkel Lane,
PO Box 615
Frankfort, Ky. 40602.

Dear Executive Director:

RE: Case 99-331

I request to intervene in the above case number, concerning PR Wastewater Management, Inc. I am a customer of PR Wastewater Management.

Sincerely,

John B. Mann



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KENTUCKY 40602
www.psc.state.ky.us
(502) 564-3940
Fax (502) 564-3460

Ronald B. McCloud, Secretary
Public Protection and
Regulation Cabinet

Helen Helton
Executive Director
Public Service Commission

Paul E. Patton
Governor

August 19, 1999

To: All Parties of Record

Re: Case No. 99-331

We enclose one attested copy of each of the Commission's Orders

In the above case.

Sincerely,


Stephanie Bell
Secretary of the Commission

SB/hv
Enclosures - 2



Ms. Lawren A. Just
President
P. R. Wastewater Management, Inc.
253 Persimmon Ridge Drive
Louisville, KY 40245

Mr. Joe Burkhardt
15 Oak Tree Lane
Louisville, KY 40245

Mr. John B. Mann
18 Oak Tree Lane
Louisville, KY 40245

Honorable David E. Spenard
Assistant Attorney General
1024 Capital Center Drive
Frankfort, KY 40601 8204

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF P. R. WASTEWATER)
MANAGEMENT, INC. FOR AN ADJUSTMENT) CASE NO.
OF RATES PURSUANT TO THE ALTERNATIVE) 99-331
RATE FILING PROCEDURE FOR SMALL UTILITIES)

O R D E R

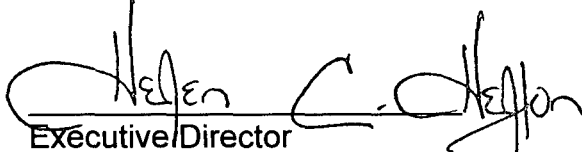
This matter arising upon the motion of the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention ("Attorney General"), filed August 13, 1999, pursuant to KRS 367.150(8), for full intervention, such intervention being authorized by statute, and this Commission being otherwise sufficiently advised,

IT IS HEREBY ORDERED that the motion is granted and the Attorney General is hereby made a party to these proceedings.

Done at Frankfort, Kentucky, this 19th day of August, 1999.

By the Commission

ATTEST:


Executive Director

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF P. R. WASTEWATER)
MANAGEMENT, INC. FOR AN ADJUSTMENT) CASE NO.
OF RATES PURSUANT TO THE ALTERNATIVE) 99-331
RATE FILING PROCEDURE FOR SMALL UTILITIES)

O R D E R

This matter arising upon the motions of Joe Burkhardt and John B. Mann (hereinafter referred to as "Petitioners") for full intervention, and it appearing to the Commission that Petitioners have a special interest which is not otherwise adequately represented, and that such intervention is likely to present issues and develop facts that will assist the Commission in fully considering the matter without unduly complicating or disrupting the proceedings, and this Commission being otherwise sufficiently advised,

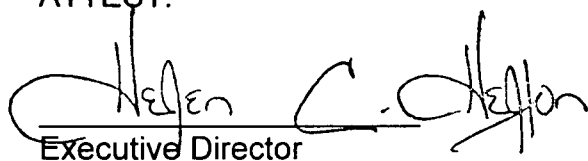
IT IS HEREBY ORDERED that:

1. The motions of Petitioners to intervene are granted.
2. Each Petitioner shall be entitled to the full rights of a party and shall be served with the Commission's Orders and with filed testimony, exhibits, pleadings, correspondence, and all other documents submitted by parties after the date of this Order.
3. Should any Petitioner file documents of any kind with the Commission in the course of these proceedings, said Petitioner shall also serve a copy of said documents on all other parties of record.

Done at Frankfort, Kentucky, this 19th day of August, 1999.

By the Commission

ATTEST:


Executive Director



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

August 20, 1999

To: All parties of record

RE: Case No. 99-331
P. R. WASTEWATER MANAGEMENT, INC.

The Commission staff has reviewed your application in the above case and finds that it meets the minimum filing requirements. Enclosed please find a stamped filed copy of the first page of your filing. This case has been docketed and will be processed as expeditiously as possible.

If you need further assistance, please contact my staff at 502/564-3940.

Sincerely,

Stephanie Bell

Stephanie Bell
Secretary of the Commission

SB/hv
Enclosure

Ms. Lawren A. Just
President
P. R. Wastewater Management, Inc.
253 Persimmon Ridge Drive
Louisville, KY. 40245

Mr. Joe Burkhardt
15 Oak Tree Lane
Louisville, KY. 40245

Mr. John B. Mann
18 Oak Tree Lane
Louisville, KY. 40245

Honorable David E. Spenard
Assistant Attorney General
1024 Capital Center Drive
Frankfort, KY. 40601 8204

APPLICATION FOR RATE ADJUSTMENT
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

RECEIVED

For Small Utilities
Pursuant to 807 KAR 5:076
(Alternative Rate Filing)

AUG 03 1999

PUBLIC SERVICE
COMMISSION

P. R. Wastewater Management, Inc.
Name of Utility

253 Persimmon Ridge Drive

Louisville, Kentucky 40245
Business Mailing Address

Telephone Number 502 / 241-9890
Area Code Number

CASE 99-331
FILED

AUG 3 1999

PUBLIC SERVICE
COMMISSION

I. Basic Information

NAME, TITLE, ADDRESS and telephone number of the person to whom correspondence or communications concerning this application should be directed:

NAME: Lawren A. Just, President

Address: Same As Above

Telephone Number: Same As Above

- 1) Do you have 500 customers or fewer? Yes No
- 2) Do you have \$300,000 in Gross Annual Revenue or less? Yes No
- 3) Has the utility filed an annual report with this Commission for the past year and the two previous years? Yes No
- 4) Are the utility's records kept separate from any other commonly-owned enterprise? Yes No

NOTICE: To be eligible for consideration of a rate adjustment under this regulation, you must have answered yes to either question 1 or 2 and yes to both questions 3 and 4 above. If you answer no to questions 3 or 4, you must obtain written approval from the Commission prior to filing this Application. If these requirements are not met, you must file under the Commission's procedural rules, 807 KAR 5:001.



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

August 6, 1999

Ms. Lawren A. Just
President
P. R. Wastewater Management, Inc.
253 Persimmon Ridge Drive
Louisville, KY. 40245

RE: Case No. 99-331
P. R. WASTEWATER MANAGEMENT, INC.
(Rates - PWA)

This letter is to acknowledge receipt of initial application in the above case. The application was date-stamped received August 3, 1999 and has been assigned Case No. 99-331. In all future correspondence or filings in connection with this case, please reference the above case number.

If you need further assistance, please contact my staff at 502/564-3940.

Sincerely,

Stephanie J. Bell
Stephanie Bell
Secretary of the Commission

SB/jc

APPLICATION FOR RATE ADJUSTMENT
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

RECEIVED

For Small Utilities
Pursuant to 807 KAR 5:076
(Alternative Rate Filing)

AUG 03 1999

PUBLIC SERVICE
COMMISSION

P. R. Wastewater Management, Inc.
Name of Utility

253 Persimmon Ridge Drive

Louisville, Kentucky 40245
Business Mailing Address

Telephone Number 502 / 241-9890
Area Code Number

CASE 99-331
FILED

AUG 9 1999

PUBLIC SERVICE
COMMISSION

I. Basic Information

NAME, TITLE, ADDRESS and telephone number of the person to whom correspondence or communications concerning this application should be directed:

NAME: Lawren A. Just, President

Address: Same As Above

Telephone Number: Same As Above

- 1) Do you have 500 customers or fewer? Yes No
- 2) Do you have \$300,000 in Gross Annual Revenue or less? Yes No
- 3) Has the utility filed an annual report with this Commission for the past year and the two previous years? Yes No
- 4) Are the utility's records kept separate from any other commonly-owned enterprise? Yes No

NOTICE: To be eligible for consideration of a rate adjustment under this regulation, you must have answered yes to either question 1 or 2 and yes to both questions 3 and 4 above. If you answer no to questions 3 or 4, you must obtain written approval from the Commission prior to filing this Application. If these requirements are not met, you must file under the Commission's procedural rules, 807 KAR 5:001.

II. Increased Cost Information

(1) The most recent Annual Report will be used as the basic test period data in order to determine the reasonableness of the proposed rates. The Annual Report used as the basis for this rate revision is the one filed with the Commission for the 12 months ending December 31, 1998.

a. If you have reason to believe some of the items of revenue and expense listed in the Annual Report will increase or decrease, please list each item, the expected increase or decrease and the adjusted amount.

<u>Item Per</u> <u>Annual Report</u>	<u>Amount Per</u> <u>Annual Report</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Adjusted</u> <u>Amount</u>
<u>Revenue</u>	\$ _____	\$ _____	\$ _____
Total Revenue	\$ _____	\$ _____	\$ _____

Expense

See Attachment A

Total Expense	\$ _____	\$ _____	\$ _____
Revenue Less Expense	\$ _____	\$ _____	\$ _____

- b. Please describe each item that you adjusted on page 2 and how you know it will change. (Please attach invoices, letters, contracts or receipts which will help in proving the change in cost).

See Attachment A

- c. Please list your present and proposed rates for each class (i.e., residential, commercial, etc.) of customer and the percentage of increase proposed for each class:

<u>Customer Class</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Percent Increase</u>
-----------------------	----------------------	-----------------------	-------------------------

Attachment B, Calculation of Proposed Rate and Comparison of Present and Proposed Rate.

Attachment C, Proposed Tariff.

III. Other Information

a. Please complete the following questions:

- 1) Please describe any events or occurrences which may have an effect on this rate review that should be brought to the Commission's attention (e.g., excessive line losses, major repairs, planned construction).

None noted.

2) Total number of customers as of the date of filing: 94

3) Total amount of increased revenue requested: \$13,683

4) Please circle Yes or No:

a) Does the utility have outstanding indebtedness? Yes No

If yes, attach a copy of any documents such as promissory notes, bond resolutions, mortgage agreements, etc.

Five year amortization schedule - Attachment D

b) Were all revenues and expenses listed in the Annual Report for 1998 incurred and collected from January 1 to December 31 of that year? Yes No

If no, list total revenue and total expense incurred prior to or subsequent to this period and attach invoices or other analysis which show how amounts were calculated.

5) Attach a copy of the utility's depreciation schedule of utility plant in service. Reconcile any differences between total depreciation shown on the Annual Report for 1998 and the amount shown on this schedule.

See item G of Attachment A

6) If utility is a sewer utility:

a) Attach a copy of the latest State and Federal Income Tax Returns.

See Attachment E

b) How much of the utility plant was recovered through the sale of lots or other contributions _____ \$ or %? (If unknown, state the reason.)

The utility plant in service shown in the 1998 annual report is net of all contributions used to offset construction costs. This amount was approved in the last rate case, case no. 96-238.

b. Please state the reason or reasons why a rate adjustment is requested. (Attach additional pages if necessary).

A rate adjustment is necessary to meet current operating costs.

IV. Billing Analysis

The billing analysis is the chart reflecting the usage by the customers as well as the revenue generated by a specific level of rates. A billing analysis of both the current and proposed rates is mandatory for analysis of this rate filing. The following is a step-by-step description which may be used to complete the billing analysis. A completed sample of a billing analysis is also included. Although the sample reflects water usage, it is equally applicable for gas companies using a declining block rate design. This billing analysis is not intended for companies using a flat rate design.

a. Usage Table (Usage by Rate Increment)

Information needed to complete the usage table should be obtained from the meter books or other available usage records. The usage table is used to spread total usage into the proper incremental rate step.

Column No. 1 is the incremental steps in the present or proposed rate schedule for which the analysis is being made. Column No. 2 is the number of bills in each incremental rate step. Column No. 3 is the total gallons used in each incremental rate step. Column Nos. 4, 5, 6, 7, 8, and 9 are labeled to correspond to the incremental rate steps shown in Column No. 1 and contain the actual number of gallons used in each incremental rate step.

Example for completing Usage Table is as follows:

Column No. 1 is incremental rate steps.

Columns numbered 2 and 3 are completed by using information obtained from usage records.

Columns numbered 4, 5, 6, 7, 8, and 9 are completed by the following steps:

Step 1: 1st 2,000 gallons minimum bill rate level
432 Bills
518,400 gallons used
All bills use 2,000 gallons or less, therefore,
all usage is recorded in Column 4.

Step 2: Next 3,000 gallons rate level
1,735 Bills
4,858,000 gallons used
1st 2,000 minimum x 1,735 bills = 3,470,000
gallons - record in Column 4
Next 3,000 gallons - remainder of water over
2,000 = 1,388,000 - record in Column 5

Step 3: Next 10,000 gallons rate level
 1,830 Bills
 16,268,700 gallons used
 1st 2,000 minimum x 1,830 bills = 3,660,000
 gallons - record in Column 4
 Next 3,000 gallons x 1,830 bills = 5,490,000
 gallons - record in Column 5
 Next 10,000 gallons - remainder of water over 3,000
 = 7,118,700 gallons - record in Column 6

Step 4: Next 25,000 gallons rate level
 650 Bills
 15,275,000 gallons used
 1st 2,000 minimum x 650 bills = 1,300,000
 gallons - record in Column 4
 Next 3,000 gallons x 650 bills = 1,950,000
 gallons - record in Column 5
 Next 10,000 gallons x 650 bills = 6,500,000
 gallons - record in Column 6
 Next 25,000 gallons - remainder of water over 10,000
 = 5,525,000 gallons - record in Column 7

Step 5: Over 40,000 gallons rate level
 153 Bills
 9,975,600 gallons used
 1st 2,000 minimum x 153 bills = 306,000
 gallons - record in Column 4
 Next 3,000 gallons x 153 bills = 459,000
 gallons - record in Column 5
 Next 10,000 gallons x 153 bills = 1,530,000
 gallons - record in Column 6
 Next 25,000 gallons x 153 bills = 3,825,000
 gallons - record in Column 7
 Over 40,000 gallons - remainder of water over 25,000
 = 3,855,600 gallons - record in Column 8

Step 6: Total each column for transfer to Revenue Table.

b. Revenue Table (Revenue by Rate Increment)

Revenue Table is used to determine the revenue produced from the Usage Table. Column No. 1 is the incremental rate steps in the rate schedule for which the analysis is being made. Column No. 2 indicates the total number of bills. Column No. 3 is the number of gallons accumulated in each rate increment (Totals from Columns 4, 5, 6, 7, and 8 of the above usage table). Column No. 4 is the rates to be used in determining revenue. Column No. 5 contains revenue produced.

V. General Information/Customer Notice

1) Filing Requirements:

a. If the applicant is a corporation, a certified copy of its articles of incorporation must be attached to this application. If the articles and any amendments thereto have already been filed with the Commission in a prior proceeding, it will be sufficient to state that fact in the application and refer to the style and case number of the prior proceeding.

b. An original and 10 copies of the completed application should be sent to:

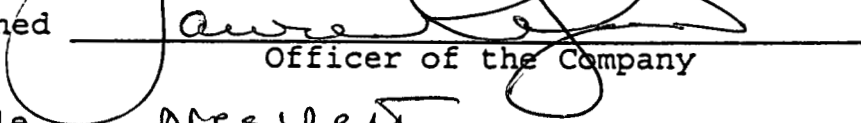
Executive Director
Kentucky Public Service Commission
730 Schenkel Lane
P. O. Box 615
Frankfort, Kentucky 40602

Telephone: 502/564-3940

c. One copy of the completed application should also be sent at the same time to:

Public Service Litigation Branch
Office of the Attorney General
Post Office Box 2000
Frankfort, Kentucky 40602-2000

- 2) A copy of the customer notice must be filed with this application. Proper notice must comply with Section 4 of this regulation.
- 3) Copies of this form and the regulation may be obtained from the Commission's Office of Executive Director; or by calling 502/564-3940.
- 4) I have read and completed this application, and to the best of my knowledge all the information contained in this application is true and correct.

Signed 
Officer of the Company

Title President

Date 7-29-99

ATTACHMENT A
P.R. Wastewater Management, Inc.
Pro forma Operating Income Statement

	Test Year 12/31/98	Adjustments	Ref.	Pro forma Present Rates	Adjustments	Pro forma Proposed Rates
Operating Revenue						
Sewer Service Revenue	22,903	660	A	23,563	13,683	37,246
Other Operating Revenue				-		-
Total Operating Revenue	22,903	660		23,563	13,683	37,246
Operating Expenses						
Operation and Maintenance Expenses						
Owner Manager Fee	3,600		B	3,600		3,600
Purchased Power	2,658			2,658		2,658
Chemicals	392			392		392
Maintenance Fee	4,200		C	4,200		4,200
Internal Supervision and Engineering	2,855	(1,360)	D	1,495		1,495
Maintenance of Pumping System	1,311	(859)	E	452		452
Outside Services Employed	1,945	3,600	F	5,545		5,545
Total Operation and Maintenance	16,961	1,381		18,342	-	18,342
Depreciation Expense	5,979		G	5,979		5,979
Taxes Other Than Income	1,235			1,235		1,235
Total Operating Expenses	24,175	1,381		25,556	-	25,556
Net Operating Income	(1,272)	(721)		(1,993)	13,683	11,690

Revenue Requirement Calculation / Based on an 88% Operating Ratio

Pro Forma Operating Expenses	25,556
Divided by: 88%	<u>88%</u>
Sub-total	29,041
Plus: Interest Expense	8,094 H
Amortization of Debt Issue Costs	<u>112 I</u>
Total Revenue Required	<u>37,246</u>

ATTACHMENT A
P.R. Wastewater Management, Inc.
Pro forma Operating Income Statement

A

To normalize revenues at current rates.

Current flat rate per customer	17.69
Times: Number of customers at 5/18/99 plus 17 homes under construction	111
Annualize	<u>12</u>
Pro forma	23,563
Less: Test year	<u>(22,903)</u>
Adjustment	<u><u>660</u></u>

B

Test year owner/manager fee was at the level normally allowed by the Commission. No adjustment was made to this amount.

C

A monthly contract maintenance fee of \$350, or \$4,200 annually, was charged by Persimmon Ridge Development Co., Inc. PR is the certified operator and performs all routine maintenance to the plant for this fee. The fee amount was approved by the Commission in case no. 96-238, the most recent rate case of PR.

D

Test year expenses included amounts paid for repairs to muskrat damaged aerators and the replacement and calibration of a flow meter that was struck by lightning. Both items were considered to be nonrecurring and have been amortized over five years.

Aerator repair paid to T&T Maintenance	1,200
Flow meter calibration paid to T&T Maintenance	<u>500</u>
Total	1,700
Divide by: Five years	<u>5</u>
Annual recovery	340
Less: Test year	<u>(1,700)</u>
Adjustment	<u><u>(1,360)</u></u>

ATTACHMENT A
P.R. Wastewater Management, Inc.
Pro forma Operating Income Statement

E

The cost of the new flow meter was included in the Maintenance of Pumping Equipment account. In addition to this expense, the cost of grass carp for the lagoon was also amortized over five years as it was considered a nonrecurring expense.

Flow meter purchased from T&T Maintenance	954
Grass carp purchased from PR Development	<u>120</u>
 Total	 1,074
Divide by: Five years	<u>5</u>
 Annual recovery	 215
Less: Test year	<u>(1,074)</u>
 Adjustment	 <u><u>(859)</u></u>

F

Test year expenses did not include an allocation of contracted services for maintaining customer account information, bookkeeping duties, and general office maintenance. These services were provided by a Persimmon Ridge Development employee. It was estimated that she spent 2 full days at the beginning of each month and 4 additional hours weekly for 400 total annual hours performing these duties. An hourly rate of \$9 per hour was used to charge the wastewater plant for these services. This rate includes all payroll and payroll overhead costs for this employee. Test year expenses have been adjusted to include this charge.

Total hours worked	400
Times: Hourly rate	<u>9</u>
 Adjustment	 <u><u>3,600</u></u>

G

Test year depreciation was calculated using the plant value approved by the Commission in the transfer of ownership case, case no. 96-238.

Depreciable plant value	119,575
Divide by: 20 years	<u>20</u>
 Annual recovery	 <u><u>5,979</u></u>

ATTACHMENT A
P.R. Wastewater Management, Inc.
Pro forma Operating Income Statement

H

Interest on the debt approved by the Commission in case no. 96-238 is included as a revenue requirement in this case. The amount was calculated using a five year average of interest to be paid over the next five years based on a total monthly payment of \$1,354.

	Total Paid	Principal	Interest
Year 1	16,244	6,613	9,631
Year 2	16,244	7,306	8,939
Year 3	16,244	8,071	8,174
Year 4	16,244	8,916	7,329
Year 5	16,244	9,849	<u>6,395</u>
 Total			 40,468
Divide by: 5			<u>5</u>
 Average			 <u><u>8,094</u></u>

I

Test year expenses included \$336 for the five year amortization of debt issuance costs and organization fees. This amount has been adjusted to reflect a 15 year amortization period which coincides with the life of the loan.

Total amount of fees	1,680
Divide by: 15 years	<u>15</u>
 Annual recovery	 <u><u>112</u></u>

ATTACHMENT B
Calculation of Proposed Rate

Revenue Requirement	<u>37,246</u>
Divide by: Residential Equivalents	
Number of Residential Customers	93
Club House Residential Equivalents	8
Number of Single Family Residents Under Construction	17
	<u>118</u>
Total Residential Equivalents	
	<u>118</u>
Total Annual Charge	316
Divide by: 12 months	12
	<u>26.30</u>
Proposed Monthly Rate	<u><u>\$ 26.30</u></u>

Comparison of Present and Proposed Rate

Proposed Rate	26.30
Current Rate	17.69
	<u>8.61</u>
Increase	
Percentage Increase	<u><u>48.69%</u></u>

ATTACHMENT C

For Persimmon Ridge Development
Community, Town or City

P.S.C. KY. NO. 96-238

_____ SHEET NO. _____

P.R. Wastewater Management, Inc.

(Name of Utility)

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

CLASSIFICATION OF SERVICE

RATE
PER UNIT

Monthly Sewer Rates

Residential	\$26.30
NonResidential	26.30 per residential equivalent*

*Determined by dividing the number of gallons used per month by 12,000.
When less than 12,000 gallons per month is used, the minimum bill of
\$26.30 is applied.

DATE OF ISSUE _____
Month Date Year

DATE EFFECTIVE _____
Month Date Year

ISSUED BY _____
(Signature of Officer)

TITLE _____

Issued by authority of an Order of the public Service Commission of Kentucky
in Case No. _____ dated _____.

Amortization Schedule of Note for Next Five Years

	Monthly Payment	Interest at 10% Annually	Principal	Balance	Balance at End of Test Year
				99,289	
1	1,354	827	526	98,763	
2	1,354	823	531	98,232	
3	1,354	819	535	97,697	
4	1,354	814	540	97,157	
5	1,354	810	544	96,613	
6	1,354	805	549	96,065	
7	1,354	801	553	95,512	
8	1,354	796	558	94,954	
9	1,354	791	562	94,391	
10	1,354	787	567	93,824	
11	1,354	782	572	93,252	
12	1,354	777	577	92,676	
Total Year 1	16,244	9,631	6,613		
13	1,354	772	581	92,094	
14	1,354	767	586	91,508	
15	1,354	763	591	90,917	
16	1,354	758	596	90,321	
17	1,354	753	601	89,720	
18	1,354	748	606	89,114	
19	1,354	743	611	88,503	
20	1,354	738	616	87,887	
21	1,354	732	621	87,265	
22	1,354	727	626	86,639	
23	1,354	722	632	86,007	
24	1,354	717	637	85,370	
Total Year 2	16,244	8,939	7,306		
25	1,354	711	642	84,728	
26	1,354	706	648	84,080	
27	1,354	701	653	83,427	
28	1,354	695	658	82,769	
29	1,354	690	664	82,105	
30	1,354	684	669	81,435	
31	1,354	679	675	80,760	
32	1,354	673	681	80,080	
33	1,354	667	686	79,393	
34	1,354	662	692	78,701	
35	1,354	656	698	78,003	
36	1,354	650	704	77,300	
Total Year 3	16,244	8,174	8,071		
37	1,354	644	710	76,590	
38	1,354	638	715	75,875	
39	1,354	632	721	75,153	
40	1,354	626	727	74,426	
41	1,354	620	733	73,692	
42	1,354	614	740	72,953	
43	1,354	608	746	72,207	
44	1,354	602	752	71,455	
45	1,354	595	758	70,697	
46	1,354	589	765	69,932	
47	1,354	583	771	69,161	
48	1,354	576	777	68,384	
Total Year 4	16,244	7,329	8,916		
49	1,354	570	784	67,600	
50	1,354	563	790	66,810	
51	1,354	557	797	66,013	
52	1,354	550	804	65,209	
53	1,354	543	810	64,399	
54	1,354	537	817	63,582	
55	1,354	530	824	62,758	
56	1,354	523	831	61,927	
57	1,354	516	838	61,090	
58	1,354	509	845	60,245	
59	1,354	502	852	59,393	
60	1,354	495	859	58,535	
Total Year 5	16,244	6,395	9,849		
Five Year Total		40,468			
Divide by: 5		8,094			
Average		8,094			

Note: The monthly payment was based on information taken from 1998 Annual Report. In that report interest on the note was stated at \$9,343 while the principal retirement totaled \$6,901.38. The total annual payment was \$16,244.38. The result of dividing the annual payment by 12 months calculates a monthly payment of \$1,353.70.

Form **1120S**

U.S. Income Tax Return for an S Corporation

Do not file this form unless the corporation has timely filed

Form 2553 to elect to be an S corporation.

1998

Department of the Treasury
Internal Revenue Service

For calendar year 1998, or tax year beginning _____, and ending _____

A Effective date of election as an S corporation 01/01/1997	Use IRS label. Otherwise, please print or type.	Name P.R. WASTEWATER MANAGEMENT	C Employer identification number 61-1305090
B NEW Business code no. (see pages 26-28) 541990		Number, street, and room or suite no. (If a P.O. box, see page 10 of the instructions.) 253 PERSIMMON RIDGE DRIVE	D Date incorporated 03/03/1989
		City or town, state, and ZIP code LOUISVILLE, KY 40245	E Total assets (see page 10) \$ 102,965.

F Check applicable boxes: (1) Initial return (2) Final return (3) Change in address (4) Amended return

G Enter number of shareholders in the corporation at end of the tax year **2**

Caution: Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Income	1 a Gross receipts or sales 22,903.	b Less returns and allowances	c Bal	1c	22,903.
	2 Cost of goods sold (Schedule A, line 8)			2	
	3 Gross profit. Subtract line 2 from line 1c			3	22,903.
	4 Net gain (loss) from Form 4797, Part II, line 18 (attach Form 4797)			4	
	5 Other income (loss) (attach schedule)			5	
	6 Total income (loss). Combine lines 3 through 5			6	22,903.
Deductions (See instructions for limitations)	7 Compensation of officers	STATEMENT 1			7
	8 Salaries and wages (less employment credits)			8	10,655.
	9 Repairs and maintenance			9	1,311.
	10 Bad debts			10	
	11 Rents			11	
	12 Taxes and licenses	STATEMENT 2			12
	13 Interest			13	1,235.
	14 a Depreciation (if required, attach Form 4562)	14a	7,530.		
	b Depreciation claimed on Schedule A and elsewhere on return	14b			
	c Subtract line 14b from line 14a			14c	7,530.
	15 Depletion (Do not deduct oil and gas depletion.)			15	
	16 Advertising			16	
	17 Pension, profit-sharing, etc., plans			17	
	18 Employee benefit programs			18	
19 Other deductions (attach schedule)	STATEMENT 3			19	
20 Total deductions. Add the amounts shown in the far right column for lines 7 through 19			20	35,405.	
21 Ordinary income (loss) from trade or business activities. Subtract line 20 from line 6			21	<12,502.>	
Tax and Payments	22 Tax: a Excess net passive income tax (attach schedule)	22a			
	b Tax from Schedule D (Form 1120S)	22b			
	c Add lines 22a and 22b			22c	
	23 Payments: a 1998 estimated tax payments and amount applied from 1997 return	23a			
	b Tax deposited with Form 7004	23b			
	c Credit for Federal tax paid on fuels (attach Form 4136)	23c			
	d Add lines 23a through 23c			23d	
	24 Estimated tax penalty. Check if Form 2220 is attached <input type="checkbox"/>			24	
	25 Tax due. If the total of lines 22c and 24 is larger than line 23d, enter amount owed. See instructions for depository method of payment			25	
	26 Overpayment. If line 23d is larger than the total of lines 22c and 24, enter amount overpaid			26	
27 Enter amount of line 26 you want: Credited to 1999 estimated tax <input type="checkbox"/> Refunded <input type="checkbox"/>			27		

Please Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer

Date

Title

Paid Preparer's Use Only

Preparer's signature

Date

Check if self-employed

Preparer's social security number

Firm's name (or yours if self-employed) and address

**CARPENTER, MOUNTJOY & BRESSLER, PSC
2300 WATERFRONT PLAZA
LOUISVILLE, KENTUCKY**

E.I. No. **61 1005371**

ZIP code **40202-4256**

Schedule A Cost of Goods Sold

1	Inventory at beginning of year	1	
2	Purchases	2	
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	
6	Total. Add lines 1 through 5	6	
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	

9a Check all methods used for valuing closing inventory:

(i) Cost as described in Regulations section 1.471-3

(ii) Lower of cost or market as described in Regulations section 1.471-4

(iii) Other (specify method used and attach explanation) ▶ _____

b Check if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c) ▶

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO 9d

e Do the rules of section 263A (for property produced or acquired for resale) apply to the corporation? Yes No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? Yes No

If "Yes," attach explanation.

Schedule B Other Information

	Yes	No
1 Check method of accounting: (a) <input type="checkbox"/> Cash (b) <input checked="" type="checkbox"/> Accrual (c) <input type="checkbox"/> Other (specify) ▶ _____		
2 Refer to the list on pages 26 through 28 of the instructions and state the corporation's principal: (a) Business activity ▶ <u>REMOVAL OF WASTE</u> (b) Product or service ▶ <u>REMOVING WASTE</u>		
3 Did the corporation at the end of the tax year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a schedule showing: (a) name, address, and employer identification number and (b) percentage owned		X
4 Was the corporation a member of a controlled group subject to the provisions of section 1561?		X
5 At any time during calendar year 1998, did the corporation have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? (See page 15 of the instructions for exceptions and filing requirements for Form TD F 90-22.1.) If "Yes," enter the name of the foreign country ▶ _____		X
6 During the tax year, did the corporation receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the corporation may have to file Form 3520. See page 15 of the instructions		X
7 Check this box if the corporation has filed or is required to file Form 8264, Application for Registration of a Tax Shelter ▶ <input type="checkbox"/>		
8 Check this box if the corporation issued publicly offered debt instruments with original issue discount ▶ <input type="checkbox"/> If so, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments.		
9 If the corporation: (a) filed its election to be an S corporation after 1986, (b) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation, and (c) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years ▶ \$ _____		
10 Check this box if the corporation had accumulated earnings and profits at the close of the tax year ▶ <input type="checkbox"/>		

Schedule K Shareholders' Shares of Income, Credits, Deductions, etc.

Table with columns for (a) Pro rata share items and (b) Total amount. Rows include Income (Loss), Deductions, Investment Interest, Credits, Adjustments and Tax Preference Items, Foreign Taxes, and Other. Total amount for line 23 is <12,486.>

Schedule L Balance Sheets	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
Assets				
1 Cash		5,338.		2,702.
2 a Trade notes and accounts receivable			191.	
b Less allowance for bad debts				191.
3 Inventories				
4 U.S. Government obligations				
5 Tax-exempt securities				
6 Other current assets				
7 Loans to shareholders				
8 Mortgage and real estate loans				
9 Other investments				
10 a Buildings and other depreciable assets	84,700.		84,700.	
b Less accumulated depreciation	7,223.	77,477.	13,202.	71,498.
11 a Depletable assets				
b Less accumulated depletion				
12 Land (net of any amortization)		27,650.		27,650.
13 a Intangible assets (amortizable only)	1,680.		1,680.	
b Less accumulated amortization	420.	1,260.	756.	924.
14 Other assets				
15 Total assets		111,725.		102,965.
Liabilities and Shareholders' Equity				
16 Accounts payable		16,037.		25,243.
17 Mortgages, notes, bonds payable in less than 1 year				99,289.
18 Other current liabilities STMT 6		130.		
19 Loans from shareholders				
20 Mortgages, notes, bonds payable in 1 year or more		106,190.		
21 Other liabilities				
22 Capital stock		100.		100.
23 Additional paid-in capital				
24 Retained earnings STMT 7		<10,732.>		<21,667.>
25 Adjustments to shareholders' equity				
26 Less cost of treasury stock		()		()
27 Total liabilities and shareholders' equity		111,725.		102,965.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return (You are not required to complete this schedule if the total assets on line 15, column (d), of Schedule L are less than \$25,000.)	
1 Net income (loss) per books	<10,935.>
2 Income included on Schedule K, lines 1 through 6, not recorded on books this year (itemize):	
a Tax-exempt interest \$	
3 Expenses recorded on books this year not included on Schedule K, lines 1 through 11a, 15e, and 16b (itemize):	
a Depreciation \$	
b Travel and entertainment \$	
4 Add lines 1 through 3	<10,935.>
5 Income recorded on books this year not included on Schedule K, lines 1 through 6 (itemize):	
a Tax-exempt interest \$	
6 Deductions included on Schedule K, lines 1 through 11a, 15e, and 16b, not charged against book income this year (itemize):	
a Depreciation \$	1,551.
7 Add lines 5 and 6	1,551.
8 Income (loss) (Schedule K, line 23). Line 4 less line 7	<12,486.>

Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed			
	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1 Balance at beginning of tax year	<11,985.>		
2 Ordinary income from page 1, line 21			
3 Other additions STMT 5	16.		
4 Loss from page 1, line 21	(12,502)		
5 Other reductions	()	()	
6 Combine lines 1 through 5	<24,471.>		
7 Distributions other than dividend distributions			
8 Balance at end of tax year. Subtract line 7 from line 6	<24,471.>		

Form 4562

Depreciation and Amortization

(Including Information on Listed Property)

OTHER

OMB No. 1545-0172

1998

Attachment Sequence No. 67

Department of the Treasury Internal Revenue Service

See separate instructions.

Attach this form to your return.

Name(s) shown on return

Business or activity to which this form relates

Identifying number

P. R. WASTEWATER MANAGEMENT

OTHER DEPRECIATION

61-1305090

Part I Election To Expense Certain Tangible Property (Section 179) (Note: If you have any "listed property," complete Part V before you complete Part I.)

Table with 5 rows for Section 179 election details, including maximum dollar limitation (18,500) and threshold cost (\$200,000).

Table with 3 columns: (a) Description of property, (b) Cost (business use only), (c) Elected cost.

Table with 13 rows for Section 179 calculations, including listed property amount (7) and total elected cost (8).

Note: Do not use Part II or Part III below for listed property (automobiles, certain other vehicles, cellular telephones, certain computers, or property used for entertainment, recreation, or amusement). Instead, use Part V for listed property.

Part II MACRS Depreciation For Assets Placed in Service ONLY During Your 1998 Tax Year (Do Not Include Listed Property.)

Section A - General Asset Account Election

14 If you are making the election under section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check this box. See instructions.

Section B - General Depreciation System (GDS) (See instructions.)

Table with 7 columns: (a) Classification of property, (b) Month and year placed in service, (c) Basis for depreciation, (d) Recovery period, (e) Convention, (f) Method, (g) Depreciation deduction.

Section C - Alternative Depreciation System (ADS) (See instructions.)

Table with 6 columns: (a) Class life, (b) Recovery period, (c) Convention, (d) Method, (e) Depreciation deduction.

Part III Other Depreciation (Do Not Include Listed Property.) (See instructions.)

Table with 3 rows for other depreciation, including GDS and ADS deductions for assets placed in service before 1998 (7,530).

Part IV Summary (See instructions.)

Table with 2 rows for summary, including total deductions (7,530) and portion of basis attributable to section 263A costs.

Part V Listed Property - Automobiles, Certain Other Vehicles, Cellular Telephones, Certain Computers, and Property Used for Entertainment, Recreation, or Amusement
 Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 23a, 23b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A - Depreciation and Other Information (Caution: See instructions for limits for passenger automobiles.)

23a Do you have evidence to support the business/investment use claimed? Yes No 23b If "Yes," is the evidence written? Yes No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost	
24 Property used more than 50% in a qualified business use:									
	:	:	%						
	:	:	%						
	:	:	%						
25 Property used 50% or less in a qualified business use:									
	:	:	%			S/L -			
	:	:	%			S/L -			
	:	:	%			S/L -			
26 Add amounts in column (h). Enter the total here and on line 20, page 1.....							26		
27 Add amounts in column (i). Enter the total here and on line 7, page 1.....								27	

Section B - Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle		(b) Vehicle		(c) Vehicle		(d) Vehicle		(e) Vehicle		(f) Vehicle	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
28 Total business/investment miles driven during the year (DO NOT include commuting miles)												
29 Total commuting miles driven during the year												
30 Total other personal (noncommuting) miles driven												
31 Total miles driven during the year. Add lines 28 through 30												
32 Was the vehicle available for personal use during off-duty hours?												
33 Was the vehicle used primarily by a more than 5% owner or related person?												
34 Is another vehicle available for personal use?												

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons.

	Yes	No
35 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
36 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See instructions for vehicles used by corporate officers, directors, or 1% or more owners		
37 Do you treat all use of vehicles by employees as personal use?		
38 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
39 Do you meet the requirements concerning qualified automobile demonstration use?		

Note: If your answer to 35, 36, 37, 38, or 39 is "Yes," you need not complete Section B for the covered vehicles.

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year	
40 Amortization of costs that begins during your 1998 tax year:						
	:	:				
41 Amortization of costs that began before 1998					41	
42 Total. Enter here and on "Other Deductions" or "Other Expenses" line of your return					42	336.

720S Kentucky S Corporation Income and License Tax Return

1998

41A720S

See separate instructions.

Commonwealth of Kentucky REVENUE CABINET

Taxable period beginning JAN 1, 1998, and ending DEC 31, 1998

Check applicable box(es). Income Tax Return License Tax Return Name of S Corporation: P.R. WASTEWATER MANAGEMENT Address: 253 PERSIMMON RIDGE DRIVE City: LOUISVILLE State: KY ZIP Code: 40245 Telephone Number: Kentucky Account Number: 541990

Check if applicable: Initial return Final return Amended return Short-period return Change of name/address

PART I - ORDINARY INCOME (LOSS) COMPUTATION Table with 4 columns: Description, Amount, and two empty columns. Rows include Federal ordinary income (loss) <12,502>, State taxes, Other, Total, and Ordinary income (loss) <12,502>.

Table with 2 columns: Description and Amount. Rows include Estimated payments, Extension payment, Prior year's credit, License tax overpayment, Income tax due, Income tax overpayment, Credited to 1998 license tax, Claimed on 1999 estimate, and Refunded.

PART II - INCOME TAX COMPUTATION Table with 4 columns: Description, Amount, and two empty columns. Rows include Taxable income, Less statutory exemption (\$25,000), Net capital gain, Less statutory exemption (\$25,000), Enter lesser of line 2 or line 4, Apportionment fraction, Taxable income, Taxable Net Income table, and Income tax liability.

PART III - LICENSE TAX COMPUTATION Table with 2 columns: Description and Amount. Rows include Capital stock 100., Additional paid-in capital, Retained earnings, Adjustments to shareholders' equity, Mortgages, notes payable, Advances by affiliated companies, Other liabilities, Intercompany accounts, Other capital accounts, Less monies borrowed, Less KRS 136.071 deduction, Total capital, Apportionment fraction, Capital employed subject to tax, Tax before credit, License tax credit, License tax liability, Extension payment, Income tax overpayment, License tax due, License tax overpayment, Credited to 1998 income tax, Credited to 1999, and Refunded.

TAX PAYMENT SUMMARY Income License Interest Penalty TOTAL 54. 54.

Make check(s) payable to Kentucky State Treasurer. Mail return with payment to Kentucky Revenue Cabinet, Frankfort, Kentucky 40620.

I, the undersigned, declare under the penalties of perjury, that I have examined these returns, including all accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct and complete. 61-1005371 CARPENTER, MOUNTJOY & BRESSLER, PSC 2300 WATERFRONT PLAZA LOUISVILLE, KENTUCKY 40202-4256

Signature of principal officer or chief accounting officer Date Name and Social Security or federal identification number of person or firm preparing return

SCHEDULE Q - KENTUCKY S CORPORATION QUESTIONNAIRE

IMPORTANT: Questions 4 - 11 must be completed by all S corporations. If this is the corporation's initial return or if the S corporation did not file a return under the same name and same federal I.D. number for the preceding year, questions 1, 2 and 3 must be answered. Failure to do so may result in a request for a delinquent return.

- 1. Indicate whether: (a) [] new business; (b) [] successor to previously existing business which was organized as: (1) [] corporation; (2) [] partnership; (3) [] sole proprietorship; or (4) [] other

If successor to previously existing business, give name, address and federal I.D. number of the previous business organization.

- 2. List the following Kentucky account numbers. Enter N/A for any number not applicable.

Employer Withholding _____
Sales and Use Tax Permit _____
Consumer Use Tax _____
Unemployment Insurance _____
Coal Severance and/or Processing Tax _____

- 3. If a foreign S corporation, enter the date qualified to do business in Kentucky.

- 4. The S corporation's books are in care of: (name and address)

LAWREN JUST COMPANY

- 5. Did the S corporation at any time during the taxable year own 50 percent or more of the voting stock of another corporation, either domestic or foreign?

[] Yes [X] No

- 6. Did any corporation, individual, partnership, trust or association at any time during the taxable year own 50 percent or more of the S corporation's voting stock? [X] Yes [] No

If yes, attach a schedule listing the name, address and federal I.D. number of the entity. SEE STATEMENT 1

- 7. Is the S corporation a partner in a partnership doing business in Kentucky? [] Yes [X] No

If yes, list name and federal I.D. number of the partnership

Did the S corporation have property or payroll in Kentucky, other than partnership property or payroll? [X] Yes [] No

- 8. Was this return prepared on: (a) [] cash basis, (b) [X] accrual basis, (c) [] other

- 9. Is the S corporation a public service corporation subject to taxation under KRS 136.120? [] Yes [X] No

- 10. (a) Did the S corporation file a Kentucky intangible property tax return for January 1, 1999? [] Yes [X] No

- (b) Did the S corporation file a Kentucky tangible personal property tax return for January 1, 1999? [] Yes [X] No

- 11. Is the S corporation currently under audit by the Internal Revenue Service? [] Yes [X] No

If yes, enter years under audit

If the Internal Revenue Service has made final and unappealable adjustments to the S corporation's income which have not been reported to this Cabinet, check here [] , file an amended Form 720S, Kentucky S Corporation Income and License Tax Return, for each year adjusted and attach a copy of the final determination.

OFFICER INFORMATION (Failure to Provide Requested Information May Result in a Penalty)

President's Name: LAWREN JUST
President's Address: 253 PERSIMMON RIDGE DRIVE
President's Social Security Number: 407-82-3506

Vice President's Name:
Vice President's Address:
Vice President's Social Security Number:

Treasurer's Name:
Treasurer's Address:
Treasurer's Social Security Number:

Secretary's Name:
Secretary's Address:
Secretary's Social Security Number:

SCHEDULE K - SHAREHOLDERS' SHARES OF INCOME, CREDITS, DEDUCTIONS, ETC. (See Specific Instructions for Each Line Item)

SECTION I		(a) Pro Rata Share Items	(b) Total Amount
Income (Losses) and Deductions			
1.	Ordinary income (loss) from trade or business activities (page 1, line 7)	1	<12,502.>
2.	Net income (loss) from rental real estate activities (attach federal Form 8825)	2	
3.	(a) Gross income from other rental activities	3(a)	
	(b) Less expenses (attach schedule)	(b)	
	(c) Net income (loss) from other rental activities	(c)	
4.	Portfolio income (loss):		
	(a) Interest income	4(a)	16.
	(b) Dividend income	(b)	
	(c) Royalty income	(c)	
	(d) Net short-term capital gain (loss) (attach federal Schedule D (Form 1120S))	(d)	
	(e) Net long-term capital gain (loss) (attach federal Schedule D (Form 1120S))	(e)	
	(f) Other portfolio income (loss) (attach schedule)	(f)	
5.	Net gain (loss) under section 1231 (other than due to casualty or theft) (attach federal Form 4797)	5	
6.	Other income (loss) (attach schedule)	6	
7.	Charitable contributions (attach schedule) and housing for homeless deduction (attach Schedule HH)	7	
8.	Section 179 expense deduction (attach federal Form 4562)	8	
9.	Deductions related to portfolio income (loss) (attach schedule)	9	
10.	Other deductions (attach schedule)	10	
Investment Interest			
11.	(a) Interest expense on investment debts	11(a)	
	(b) (1) Investment income included on lines 4(a), 4(b), 4(c) and 4(f) above	(b)(1)	16.
	(2) Investment expenses included on line 9 above	(2)	
Credits			
12.	Kentucky Unemployment Tax Credit (attach Schedule UTC)	12	
13.	Recycling and Composting Equipment Tax Credit (attach approved Schedule RC)	13	
Other Items			
14.	(a) Type of Section 59(e)(2) expenditures	14(a)	
	(b) Amount of Section 59(e)(2) expenditures	(b)	
15.	Tax-exempt interest income	15	
16.	Other tax-exempt income	16	
17.	Nondeductible expenses	17	
18.	Total property distributions (including cash) other than dividends reported on line 20 below	18	
19.	Other items and amounts required to be reported separately to shareholders (attach schedule)	19	
20.	Total dividend distributions paid from accumulated earnings and profits	20	
SECTION II - Computation of Nonresident Shareholders' Taxable Percentage			
1.	S corporation's Kentucky gross receipts	1	
2.	S corporation's total gross receipts	2	
3.	Nonresident shareholder's taxable percentage (line 1 divided by line 2)	3	%

copy

PR WASTEWATER MANAGEMENT, INC.
253 Persimmon Ridge Drive
Louisville, Ky 40245
(502) 241-9890

July 29, 1999

Louisville KY 40245

Dear

The rates contained in this notice are the rates proposed by PR Wastewater Management. However, the Public Service Commission may order rates to be charged that are higher or lower than the rates proposed in this notice.

Any corporation, association, body politic or person may request leave to intervene by motion within thirty (30) days after notice of the proposed rate change is given. A motion to intervene shall be in writing, shall be submitted to the Executive Director, Public Service Commission, 730 Schenkel Lane, P.O. Box 615, Frankfort, Kentucky 40602, and shall set forth the grounds for the motion, including the status and interest of the movant.

Copies of the application may be obtained at no charge from PR Wastewater Management at 253 Persimmon Ridge Drive.

Upon request from an intervenor, PR Wastewater Management shall furnish to the intervenor a copy of the application and supporting documents.

Existing Rate:	\$17.69
Proposed Rate:	\$26.30

Sincerely,

Lawren A. Just
President, PR Wastewater Management, Inc.