

Robert A. Patrick
144 Greenwing Court
Georgetown, Kentucky 40324

August 26, 2005

Beth O'Donnell, Executive Director
Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

RECEIVED

AUG 29 2005

Re: Case No. 2005-000235

PUBLIC SERVICE
COMMISSION

Dear Ms. O'Donnell:

Enclosed please find the original and 10 copies of my first set of interrogatories and requests for additional documents in the above referenced matter.

On July 11, 2005, I filed with the Public Service Commission (Commission) a Motion to Intervene in this matter. On August 15, 2005, the Commission issued an Order pursuant to which all requests for information from Mallard Point Disposal Systems, Inc., the Applicant, are to be served upon the Applicant not later than August 29, 2005.

While the Commission has yet to issue a determination on my motion to intervene, I anticipate that, as a rate payer to the Applicant, I will be granted that status.

In order to facilitate an orderly procedure in accordance with the Commission's order of August 15, so as not to prejudice or delay the application of the Applicant, and so as not to prejudice my own efforts to gather information in this matter in order to fully participate as an intervener, I am filing these interrogatories at this time.

Very truly yours,



Robert A. Patrick

Enclosures

cc: James M. Mooney, Esq.
David E. Spenard, Esq.

COMMONWEALTH OF KENTUCKY
Before the
PUBLIC SERVICE COMMISSION

RECEIVED

AUG 29 2005

In the Matter of:

The Application of Mallard Point Disposal)
Systems, Inc., for an Adjustment of Rates)
Pursuant to the Alternative Rate Filing)
Procedure for Small Utilities)

PUBLIC SERVICE
COMMISSION

CASE NO.
2005-00235

FIRST SET OF INTERROGATORIES
And REQUESTS FOR ADDITIONAL DOCUMENTS
TO THE APPLICANT, MALLARD POINT DISPOSAL SYSTEMS, INC.

Comes now the Intervener, Robert A. Patrick, and pursuant to Rule 807 KAR 5:001 of the Public Service Commission (PSC or Commission), requests the Applicant, Mallard Point Disposal Systems, Inc. (the Disposal System), through its agent knowledgeable of the facts in connection with the Application, to answer separately and fully in writing and under oath the following Interrogatories within the time period set by the PSC and in accordance with its Order dated August 15, 2005.

INTERROGATORIES

GENERALLY:

INTERROGATORY NO. 1. Identify each person providing information, answering, or in any way assisting in the preparation of the Applicant's answers to these interrogatories.

ANSWER:

ACCOUNTING PRACTICES

Interrogatories No. 2 through 6 and Document Requests No. 1 and 2 address the accounting practices used to produce various documents filed by the Disposal System with the Commission.

INTERROGATORY NO. 2. Identify the Accounting Firm by name, address, and telephone number that prepared the quarterly profit and loss statements and operating statements which the Disposal System filed periodically with the PSC in accordance with the Commission's Order dated May 27, 2004.

ANSWER:

INTERROGATORY NO. 3. Was the Accounting Firm identified in response to Interrogatory No. 2, above provided with a copy of the Commission's Order dated May 27, 2004, and, if so, when?

ANSWER:

INTERROGATORY NO. 4. Were the profit and loss statements and operating statements prepared by the Accounting Firm identified in response to Interrogatory No. 2, above, to the best of your knowledge, prepared in accordance with Generally Accepted Account Principals applying Generally Accepted Accounting Practices?

ANSWER:

INTERROGATORY NO. 5. Were the profit and loss statements and operating statements prepared by the Accounting Firm referenced in response to Interrogatory No. 2, above and filed with the PSC prepared as part of a certified audit of the books and records of the Disposal System by the Accounting Firm?

ANSWER:

INRERROGATORY NO. 6. Alternatively, were the profit and loss statements and operating statements prepared by the Accounting Firm referenced in response to Interrogatory No.2 , above and filed with the PSC prepared based solely upon a book entry accounting process according to which the Accounting Firm entered information provided by the Disposal System in the commonly accepted order for profit and loss statements and operating statements without any further review of the accuracy of the information provided by the Disposal System?

ANSWER:

DOCUMENT REQUEST NO. 1. Provide copies of any correspondence, certificates, or other documents provided by the Accounting Firm identified in response to Interrogatory No. 2, above that reference, directly or indirectly, the accounting principals or practices applied in preparing the profit and loss statements or operating statements.

ANSWER:

DOCUMENT REQUEST NO. 2. Provide copies of any correspondence, memos, emails, or other documents from the Accounting Firm identified in response to Interrogatory No. 2, above to the Disposal System, its officers, or directors, referring to the information provided by the Disposal System to the Accounting Firm, including questions regarding the accuracy or sufficiency of that information or referring to the Accounting Firm's need for additional information from the Disposal System in connection with the Accounting Firm's preparation of the profit and loss statements or operating statements to be filed in accordance with the Commission's Order dated May 27, 2004.

ANSWER:

SPECIFIC ACCOUNTING ENTRIES

Interrogatories No. 7 through 10 and Document Request No. 3 address specific accounting entries in various documents filed by the Disposal System with the Commission.

INTERROGATORY NO. 7. The Alternative Minimum Tax Depreciation Report filed as an attachment to the 2004 Subchapter S Federal Income Tax Report for the Disposal System, a copy of which is attached, and the valuation of the Utility Plant in the Balance Sheets filed by the Disposal System with the PSC show the following values.

<u>Year</u>	<u>Income Tax Return</u>	<u>Annual Report</u>
2003	\$385,702	\$434,256
2004	\$390,687	\$414,851

Please state the basis upon which the Commission should not adopt the lower valuations disclosed in the Disposal System's income tax return as the correct values of the Utility Plant for purposes of this Application?

ANSWER:

INTERROGATORY NO. 8. The Reclassification Income Statement, Exhibit A, to the Application contains an entry for Fuel/Transportation in the amount of \$2,324. With respect to this entry, please identify:

- A. Each vehicle owned or leased by the Disposal System during this reporting period;
- B. The vehicle, owner, and purposes for which the vehicle was used if the operating expenses for that vehicle are attributed to the Disposal System and that vehicle is not identified as owned or leased by the Disposal System in response to Interrogatory No. 9.A.; and
- C. The mileage driven for each vehicle identified in response to Interrogatory No.9. B., above, in connection with Disposal System business, as distinguished from other business purposes or personal use, during the reporting period.

ANSWER:

DOCUMENT REQUEST NO. 3. With respect to each vehicle identified in response to Interrogatory No. 9.A., above, provide copies of proof of purchase by the Disposal System or the leasing agreement between the Disposal System and the Lessor.

ANSWER:

INTERROGATORY NO. 9. Between year end 2002 and year end 2003, the Disposal System's notes payable increased from \$488,322 to \$676,080, according to the Disposal System's annual reports. Please describe:

- A. Each asset acquired on behalf of the Disposal System with the \$187,758 in proceeds reflected in this increase in notes payable and the cash basis of each asset so acquired; or
- B. If the increase in debt is not reflected in an equal increase in assets, describe the disposition of that portion of the \$187,758 in proceeds reflected in this increase in notes payable not accounted for in the response to Interrogatory No. 9.A.

ANSWER:

INTERROGATORY NO. 10. Between year end 2003 and year end 2004, the Disposal System's combined long term debt and notes payable increased from \$676,080 to \$745,394 according to the Disposal System's annual reports. Please describe:

- A. Each asset acquired on behalf of the Disposal System with the \$69,314 in proceeds reflected in this increase in combined long term debt and notes payable and the cash basis of each asset so acquired; or
- B. If the increase in debt is not reflected in an equal increase in assets, describe the disposition of that portion of the \$69,314 in proceeds reflected in this increase in combined long term debt and notes payable not covered in the response to Interrogatory No. 10.A.

ANSWER:

SPECIFIC BUSINESS PRACTICES

Interrogatories No. 11 through 14 and Document Request No. 4 relate to specific business practices of the Applicant.

INTERROGATORY NO. 11. What is the purpose of the Office which the Disposal System opened during 2005 at 118 S. Broadway, Georgetown, Ky. 40324?

ANSWER:

INTERROGATORY NO. 12 . What are the normal business hours of the Disposal Systems Office at 118 S. Broadway, Georgetown, Kentucky, during which the office is open for business such that a ratepayer, or other member of the public, may enter the office without the need to make a prior appointment.

ANSWER:

INTERROGATORY NO. 13. State the name and address of each person who staffs that office and, as to each of them individually, the dates and times during which each of those persons has been present at that location since the date the office opened to the date of this answer.

ANSWER:

INTERROGATORY NO. 14. For each year from 2000 through 2005 inclusive, state separately for each of the following categories the total dollar amount, if any, paid to Mark S. Smith by the Disposal System for: (i) reimbursement (whether for principal or interest) for amounts loaned to the Disposal System, (ii) compensation for goods or services, including any professional services provided, (iii) salary, or (iv) for any other identified purpose.

ANSWER:

DOCUMENT REQUEST NO. 4. With respect to amounts identified in response to Interrogatory No. 14 as paid by the Disposal System to Mark S. Smith for any purpose, other than as reimbursement for amounts loaned to the Disposal System for operating expenses during 2004 and 2005, provide copies of all invoices or bills presented by Mark S. Smith, any contracts between the Disposal System and Mark S. Smith, or other documents supporting such payments.

ANSWER:

Respectfully submitted:



Robert A. Patrick
144 Greenwing Court
Georgetown, Kentucky 40324

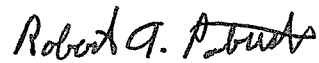
Certificate of Service

This is to certify that a true and correct copy of the forgoing Interrogatories and Requests for the Production of Documents has been served by mailing the same, this 26th day of August, 2005, to the following:

Kentucky Public Service Commission
P.O. Box 615 211 Sower Boulevard
Frankfort, Kentucky 40602-0615
(Original and 10 copies)

David E. Spenard
Assistant Attorney General
Office of the Attorney General
1024 Capital Center Drive
Suite 200
Frankfort, Kentucky 40601

James M. Mooney
Mooney, Mooney & Mooney
208 S. Limestone St.
Lexington, Kentucky 40508
Counsel for the Applicant



Robert A. Patrick

ALTERNATIVE MINIMUM TAX DEPRECIATION REPORT

Asset No.	Description	Date Acquired	AMT Method	AMT Life	AMT Cost Or Basis	AMT Accumulated	Regular Depreciation	AMT Depreciation	AMT Adjustment
11986	SEWAGE PLANT ADDITIONS	010186SL		20.00	127,775.	114,998.	6,389.	6,389.	
21995	SEWAGE PLANT ADDITIONS	010195SL		20.00	211,324.	95,096.	10,566.	10,566.	
32002	SEWAGE PLANT ADDITIONS	010102SL		10.00	38,764.	7,753.	3,876.	3,876.	
42002	SEWAGE PLANT ADDITIONS	010102SL		5.00	3,124.	1,250.	625.	625.	
52003	SEWAGE PLANT ADDITIONS	010103SL		5.00	4,715.	943.	943.	943.	
62004	SEWAGE PLANT ADDITIONS	063004SL		5.00	2,670.	0.	267.	267.	
72004	SEWAGE PLANT ADDITIONS	123104SL			2,315.	0.	0.	0.	
	TOTALS				390,687.	220,040.	22,666.	22,666.	