

Farmdale Development Corporation

**1706 Bardstown Road
Louisville, KY 40205-1212
238-3301 / Fax 238-3329**

FILED

JAN 19 2006

**PUBLIC SERVICE
COMMISSION**

January 12, 2006

RECEIVED

JAN 19 2006

**PUBLIC SERVICE
COMMISSION**

KY Public Service Commission
P. O. Box 615
Frankfort, KY 40602

Case No. 06-00028


Re: Application for an Adjustment in Rates Pursuant to
The Alternative Rate Filing Procedure for Small Utilities

This is an application to request Commission approval for an increase in Farmdale Development Corporation Sewage Treatment Plant's rate pursuant to the Alternative Rate Filing Procedure for Small Utilities. Attached is the completed "ARF Application."

The Company has mailed written notice of the proposed rate change and the estimated amount of increase per customer class to each customer. A Copy of the customer notification letter and affidavit from the Company's Owner verifying that the notice has been mailed to each customer is enclosed.

A copy of this application and related filings has been sent to the Office of the Attorney General, State Capitol Building, Suite 118, Frankfort, KY 40601.

Sincerely,
Farmdale Development Corporation


Carroll F. Cogan, President

Enclosure

CC: Office of the Attorney General

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APPLICATION FOR RATE ADJUSTMENT
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

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

Farmdale Development Corporation

Name of Utility

1706 Bardstown Road

Louisville, KY 40205

Business Mailing Address

Telephone Number 502/ 238-3301

Area Code Number

I. Basic Information

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

NAME: Carroll F. Cogan

Address: 1706 Bardstown Road

Louisville, KY 40205

Telephone Number: 502/ 238-3301

- | | | | |
|----|---|-----|----|
| 1) | Do you have less than 500 customers? | Yes | XX |
| 2) | Do you have less than \$300,000 in Gross Annual Revenue? | Yes | XX |
| 3) | Has the utility filed an annual report with this Commission for the past year and the two previous years? | Yes | XX |
| 4) | Are the utility's records kept separate from any other commonly-owned enterprise? | Yes | XX |

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, 2004.

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.

Item Per Annual Report	Amount Per Annual Report	Increase (Decrease)	Adjusted Amount
Revenue	\$ 52,995	\$ 52,073	\$ 105,068
Total Revenue	<u>\$ 52,995</u>	<u>\$ 52,073</u>	<u>\$ 105,068</u>
Expense			

Schedule Attached – Exhibit A

Total Expense	<u>\$ 79,779</u>	<u>\$ 12,681</u>	<u>\$ 92,460</u>
Revenue Less Expense	<u>\$(26,784)</u>	<u>\$ 39,392</u>	<u>\$ 12,608</u>

- 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).

Schedule Attached

- 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>
Flat Residential Rate	19.05	35.59	86.82%
Monthly Construction Surcharge	0.00	27.92	N/A

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).

a) System repairs	\$112,560
b) Lagoon pump and clean	58,750
c) Replace remote lift station	30,425
d) Replace chlorine tank	17,225
e) Standby blower motor assembly	9,320
f) Replace diffuser drop pipes	4,120
g) Small plant maintenance	3,050
h) Lift station grating	1,405
i) Supervision	<u>10,445</u>
	\$247,300

2) Total number of customers
as of the date of filing: 246

3) Total amount of increased revenue requested: \$52,073
Total amount of surcharge requested: \$82,433

4) Please circle Yes or No:

a) Does the utility have outstanding indebtedness? No

b) Were all revenues and expenses listed in the Annual Report for 2004 incurred and collected from January 1 to December 31 of that year? Yes

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 arrived at.

- 5) If utility expenses depreciation, attach a copy of the depreciation schedule of utility plant in service.
- 6) If utility is a sewer utility:
- a) Attach a copy of the latest State and Federal Income Tax Returns.
Copies Attached
 - b) How much of the utility plant was recovered through the sale of lots or other contributions
62.7% \$ or %?
(If unknown, state the reason.)

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

The current rate is not adequate to cover operating expenses. Also, Farmdale Development Corporation is not able to fund its capital expenditures that are required to meet regulatory standards. Farmdale is requesting a 3-year surcharge to fund those capital costs.

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
211 Sower Boulevard
P. O. Box 615
Frankfort, Kentucky 40602

Telephone: 502/564-3940

- b. One copy of the completed Application should also be sent at the same time to:

Public Service Litigation Branch
Office of the Attorney General
P. O. 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: Pres.

Date: 01-13-06

NAME OF UTILITY: Farmdale Development Corporation
 INCREASED COST INFORMATION
 EXHIBIT A

EXPENSE	AMOUNT PER ANNUAL REPORT	INCREASE (DECREASE)	ADJUSTED AMOUNT
Management Fee	\$ 9,600.00	\$ -	\$ 9,600.00
Sludge Hauling	1,120.00	-	1,120.00
Utility Service - Water Cost	3,360.00	-	3,360.00
Other - Labor	5,384.00	2,416.00	7,800.00
Fuel and Power	9,940.00	4,376.00	14,316.00
Chemicals	2,326.00	-	2,326.00
Routine Maintenance Fee	4,481.00	5,239.00	9,720.00
Maintenance of Collection System	3,200.00	-	3,200.00
Maintenance of Treatment Plant	14,757.00	-	14,757.00
Maintenance of Other Facilities	5,683.00	-	5,683.00
Agency Collection Fee	7,949.00	-	7,949.00
Office Supplies	475.00	-	475.00
Outside Services Employed	8,267.00	-	8,267.00
Insurance Expense	1,600.00	-	1,600.00
Regulatory Commission Expense	-	250.00	250.00
Transportation Expenses	-	-	-
Miscellaneous Expenses	58.00	-	58.00
Rents	600.00	-	600.00
Depreciation	24.00	-	24.00
Amortization	-	400.00	400.00
Taxes Other Than Income Taxes	955.00	-	955.00
Income Taxes	-	-	-
Interest Expense	-	-	-
TOTAL EXPENSE	\$ 79,779.00	\$ 12,681.00	\$ 92,460.00

Farmdale Development Corporation
Proposed Pro Forma Adjustments
Exhibit B

1. Required weekly testing fee has been increased to \$150 (\$7,800 annual fee). Copy of December 24, 2005, letter advising of increase is attached.

2. Fuel and Power

Total Cost 1/05 – 11/05	\$13,128
Monthly Average	1,193
Multiplied by 12 months	<u>12</u>
	\$14,316

3. The sewer utility has retained Covered Bridge Utilities, Inc., to provide routine maintenance service per attached proposal. The change became necessary when the condition of the treatment plant was not being maintained to Health Department standards by previous contractors.

4. Annual permit fee charged by Franklin County Health Department (fee not paid or included in 2004 expenses).

5. Preparation of rate case application fee charged by Logsdon & Co., PC, CPAs, of \$2,000 amortized over 5 years.

EXHIBIT C
RATE AND SURCHARGE CALCULATIONS

<u>Revenue Requirement Determination</u>	
Pro Forma Operating Expenses	\$ 92,460
Divided by: Operating Ratio	<u>88%</u>
Revenue Requirement from Rates	<u>\$ 105,068</u>

<u>Increase in Operating Revenue from Rates</u>	
Revenue Requirement from Rates	\$ 105,068
Less: Normalized Operating Revenue from Rates	<u>(52,995)</u>
Requested Increase	<u>\$ 52,073</u>

<u>Determination of Requested Monthly Rate</u>	
Revenue Requirement from Rates	\$ 105,068
Divided by: 12 Months	<u>12</u>
Monthly Revenue Requirement	\$ 8,756
Divided by: End-of-Period Customer Level	<u>246</u>
Monthly Rate per Customer	<u>\$ 35.59</u>

<u>Determination of Requested Surcharge Monthly Rate</u>	
Revenue Requirement from Rates	\$ 82,433
Divided by: 12 Months	<u>12</u>
Monthly Surcharge Requirement	\$ 6,869
Divided by: End-of-Period Customer Level	<u>246</u>
Monthly Surcharge per Customer	<u>\$ 27.92</u>

Farmdale Development Corporation
1706 Bardstown Road
Louisville, KY 40205-1212
238-3301 / Fax 238-3329

January 16, 2006

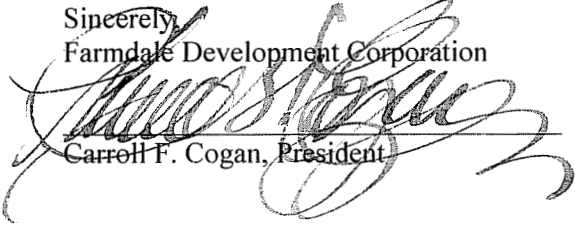
Executive Director
KY Public Service Commission
P. O. Box 615
Frankfort, KY 40602

Attn: Beth O'Donnell, Executive Director

Dear Ms. O'Donnell

This letter is to certify that Farmdale Development Corporation Sewage Treatment Plant has sent notice of the proposed rate increases to each of its customers by mail. A copy of the notice is enclosed. The notices were mailed on January 16, 2006 by U.S. Postal Service.

Sincerely,
Farmdale Development Corporation


Carroll F. Cogan, President

Farmdale Development Corporation
1706 Bardstown Road
Louisville, KY 40205-1212
238-3301 / Fax 238-3329

January 12, 2006

Notice

This is to inform you that Farmdale Development Corporation Sewage Treatment Plant is requesting an increase in the sewer rates as follows:

	<u>Existing</u>	<u>Proposed</u>	<u>Percentage Increase</u>
Flat Monthly Residential	\$19.05	\$35.59	86.82%
Monthly Surcharge	\$ 0.00	\$27.92	N/A

The rates contained in this notice are the rates proposed by the Farmdale Development Corporation Sewage Treatment Plant. 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 changes is given. A motion to intervene shall be in writing, shall be submitted to the Executive Director, Public Service Commission, 211 Sower Boulevard, P. O. Box 615, Frankfort, Kentucky, 40602, and shall set forth the grounds for the motion, including the status and interest of the party movant.

Copies of the application may be obtained at no charge from Farmdale Development Corporation Sewage Treatment Plant at 1706 Bardstown Road, Louisville, Kentucky, 40205. Upon request from an intervenor, the applicant shall furnish to the intervenor a copy of the application and supporting documents.

Farmdale Development Corporation Sewage Treatment Plant.

MURPHYS EXCAVATING
379 BROOKSVIEW CR.
BROOKS, KY. 40109
PHONE-9573775-MOBIL-7733526
10-18-05

COVERED BRIDGE UTILITIES
ESTIMATE OF REPAIRS
FARMDALE COMMUNITY

- THE FOLLOWING IS A LIST OF PROBLEMS THAT NEED TO BE REPAIRED.
- SEWER SYSTEM HAS A LOT OF WATER INFILTRATION, LARGE AMOUNT OF ROOTS, & MISALIGNED PIPING. THE WHOLE SYSTEM CONSISTS OF TERRA COTTA PIPE.
- THE FOLLOWING IS A SUMMERY OF REPAIRS & COST.
 - CHERRY LN.:
 - #210 CHERRY LN.—ROOTS AT 6 LOCATIONS—
 - #216 CHERRY LN.—THREE LARGE ROOTS-90% BLOCKED.—PIPING MISALIGNED, WATER INFILTRATION
 - #222—CHERRY LN.—AT END OF STREET,;BOTH SIDES OF MANHOLE HAS LARGE AMT. OF ROOTS.
 - #214 CHERRY LN.—BAD ROOTS BETWEEN LAST TWO MANHOLES.
 - #230 CHERRY LN.—ROOTS AT 4 LOCATIONS, BAD P.S.C.
 - #232 CHERRY LN.—ROOTS AT 8 LOCATIONS., MISALIGNED PIPING, WATER INFILTRATION.
 - #240 CHERRY LN.—ROOTS AT 4 LOCATIONS,
 - #248 CHERRY LN.—ROOTS DOWNHILL, 3 LOCATIONS.
 - #251 CHERRY LN.—ROOTS AT 3 LOCATIONS, BAD P.S.C.
 - #254 CHERRY LN., BAD P.S.C. AT MAIN. & BAD CONNECTIONS IN MANHOLE, ROCK & DEBRIS IN BOTTOM. LOTS OF WATER INFILTRATION

- STRAWBERRY LN.:

- #92 STRAWBERRY LN.—ROOTS 2 LOCATIONS.
- #94 STRAWBERRY LN.—ROOTS 2 LOCATIONS.BAD P.S.C.
- #96 STRAWBERRY LN.—BAD ROOTS 3 LOCATIONS,BAD P.S.C., WATER INFILTRATION.
- #101 STRAWBERRY LN—ROOTS 3 LOCATIONS.
- #107 STRAWBERRY LN—ROOTS 2 LOCATIONS.
- #110 STRAWBERRY LN.—LOTS OF ROOTS & DEBRIS, MISALIGNED PIPING.
- #230 STRAWBERRY LN.—BAD ROOTS 4 LOCATIONS.

STABLE LN.

- #109—ROOTS 6 LOCATIONS, MISALIGNED PIPING, WATER INFILTRATION.
- #112—ROOTS AT THREE LOCATIONS, BAD PIPING CONNECTIONS AROUND INLET & OUTLET OF MANHOLE, ROCK, DEBRIS, WATER & ROOTS.
- #119---ROOTS AT 4 LOCATIONS, BAD P.S.C.

FURROW LN.

- #105 -- MANHOLE COVERED, NEED TO LOCATE & INSTALL RISER TO SURFACE.
- #108---ROOTS 4 LOCATIONS. MISALIGNED PIPING.

APPLE LN.

- #233—ROOTS BOTH SIDES OF MANHOLE , BAD PIPING CONNECTIONS, & ROOTS AT 8 LOCATIONS, BAD P.S.C.

BRIARWOOD HILL

- # 120: ROOTS AT 6 LOCATIONS. MISALIGNED PIPING.
- #188: ROOTS AT 3 LOCATIONS. BAD AT 2 LOCATIONS.
- #206: BAD P.S.C. AT MAIN. MISALIGNED PIPING 2 LOCATIONS.
- #223: ROOTS 3 LOCATIONS, 90% BLOCKED.
- BAD MANHOLE, CORNER OF BRIARWOOD & ELWOOD: COULDN'T FIND MANHOLE, LOCATE, REPAIR & INSTALL RISERS TO SURFACE.

FARMERS LN.

- MANHOLE AT INTERSECTION OF FARMERS LN. & PEACHTREE HAS LARGE AMOUNT OF ROOTS , DEBRIS, & BAD PIPE CONNECTIONS.
- #103 –ROOTS AT 4 LOCATIONS,& MISALIGNED PIPING.
- #107 –ROOTS AT 3 LOCATIONS.& BAD P.S.C.
- #113 –ROOTS AT 4 LOCATIONS, & MISALIGNED PIPING.

PLUMB STREET

- UP PLUMB STREET FROM STRAWBERRY—ROOTS AT 4 LOCATIONS. MISALIGNED PIPING.

ALL REPAIRS WILL BE BACKFILLED, REPAVED, RECONCRETE & RESTORED TO ORIGINAL CONDITION

TOTAL COST OF ALL REPAIRS –PARTS & LABOR

\$112,560.00

ONE HUNDRED TWELVE THOUSAND, FIVE HUNDRED SIXTY DOLLARS

THANK YOU,

JOE MURPHY

MURPHYS EXCAVATING

CONTRACT

LAGOON CLEAN-OUT SERVICES COVERED BRIDGE UTILITIES

Farmdale Subdivision
Franklin County, Kentucky

H&A Resource Management (H&A) is pleased to submit a quote for the removal and management of wastewater treatment solids. The solids are generated and stored in a lagoon at the Farmdale Wastewater Treatment Facility in Franklin County, Kentucky. The facility is operated by Covered Bridge Utilities (CBU) of Louisville, Kentucky.

The lagoon, which receives wastewater from the facility for additional treatment, has accumulated solids to the extent that effective treatment is not taking place. A visual observation of the lagoon indicates solids are at the surface in places and approximately 1 to 2 feet below the surface in others. Based on rough calculations of the surface area and using an assumed depth, approximately 500,000 gallons of solids are believed to exist.

H&A will remove solids from the lagoon with a dredge. The dredge has been determined to be the most effective means of solids removal at this facility since bypassing will not be an option. The solids will be loaded onto liquid tank trucks and transported to the City of Frankfort Wastewater Treatment Plant for final processing.

H&A will provide the management services as described for a cost of \$53,500.00. This cost is based on the following conditions:

1. The price quoted is based on the hauling of up to 500,000 gallons. No additional volume beyond 500,000 gallons will be removed or transported under this contract for the price quoted.
2. H&A will provide all equipment and labor needed to complete the removal and transportation of the sludge to the final disposal destination.
3. CBU will allow H&A access to the facility a minimum of 10 hours per day (7:00 am to 5:00 pm). If this is not possible an adjustment will be necessary to total cost of project.
4. In addition to the price quoted, CBU will be responsible for any analytical costs of the material that may be requested by the City of Frankfort. Currently, only % total solids and % volatile solids are required by the City for this type material.
5. Due to a recent bad experience in receiving lagoon material, the City of Frankfort has become more strict on receipt of the product and has raised their rates. The City will not accept material that contains rocks, dirt and other foreign debris. A City representative will be onsite at the beginning of the operation and the loads delivered to the City facility

will be periodically inspected. Although we believe with proper removal and loading the elimination of rocks, etc. will not be a problem, should it become an issue and the City cease acceptance, this contract will be null and void. H&A will renegotiate an alternative means of management with CBU.

6. H&A will remove sludge that may/has adhered to the sides of the lagoon to the best of our ability without affecting the integrity of the berms. Some material may remain on the slope of the pond and some along the bottom. However, the majority of the material can be removed to allow for substantial increase in treatment capacity.
7. It will be the responsibility of CBU to remove the aerators from the lagoon prior to commencement of operations. CBU will also be responsible for pruning trees at the entrance to the facility to allow for trucks to more easily enter and exit the facility.
8. The volume removed will be based on the size of trucks utilized for hauling the material. H&A personnel will keep a daily record of the number of trucks that leave the facility. This information can be provided at the end of each day.
9. H&A will submit an invoice to CBU upon completion of the project. Payment in full is required within thirty (30) days of receipt. If not paid in full by the due date, H&A may charge up to the legal amount allowed for finance charges.

Signing below will serve as an agreement to the terms and conditions as described herein. Commencement of the project will be as negotiated between CBU and H&A.

H&A Resource Management

Covered Bridge Utilities

Signature of Authorized Agent

Signature of Authorized Agent

Print Name and Title of Authorized Agent

Print Name and Title of Authorized Agent

Date

Date

**Smither Consulting Company
P. O. Box 1077
Louisville, KY 40014**

September 27, 2005

Revised Quote

Mr. Carroll Cogan
Farmdale Utilities
1706 Bardstown Road
Louisville, KY 40205

Re: Farmdale WWTP

Dear Mr. Cogan:

For your information, the following items of repair or replacement need to be considered for the very near future at the referenced facility:

1. The old grating on top of the lift station at the plant is deteriorated to the point that it is unsafe to step on. New grating needs to be installed.

\$1,405.00 Installed

2. The larger plant needs new diffuser drop pipes complete with diffusers. There are fourteen (14) drops in all.

\$4,120.00 Installed

3. The small plant needs to be cleaned, scraped and painted outside and to the water line on the inside.

\$3,050.00

4. The small plant also needs a standby blower motor assembly. If the existing blower, which is quite old, should need repair there would then be nothing to aerate that plant. A new Roots 45 UR4I blower-motor assembly, complete with mounting base, all accessories, duplex control panel and installation would cost

\$9,320.00

5. The existing chlorine contact tank is in very bad condition and needs to be replaced with a new 1700 gallon steel tank.

\$17,225.00 Installed

Note: I would recommend that this be done after the tertiary lagoon is pumped down and cleaned out and before the secondary effluent is routed back into the lagoon.

6. The remote lift station, which consists of a 60" x 10' fiberglass basin, two (2) 5 H.P. 230 volt 3 phase grinder pumps, guide rail assemblies and control panel, is also in very bad condition and needs to be completely replaced.

\$30,425.00

Note: This price includes taking down the fence, removing trees, excavating around the existing station, furnishing the new fiberglass basin, pumps, control panel, taking out the old station, installing the new, making external piping connections, electric connections, back fill, finish grade, and reinstall the fence. Does not include tank truck expense to haul sewage away while station is out of service.

The above pricing is good to the end of 2005. After that some increase may be necessary. Steel prices keep going up and the supplier of the lift station will probably have an increase of about 3 to 4% after the first of the year.

No sales tax has been included.

If you have any questions or need additional information, please let me know.

Sincerely,

Lawrence W. Smither

Quote

**Smither Consulting Company
P.O. Box 1077
Crestwood, Kentucky 40014**

December 2, 2005

Mr. Carroll Cogan
Farmdale Utilities, Inc.
1706 Bardstown Road
Louisville, KY 40205

Re: Farmdale Subdivision Sewer System

I am pleased to present my quote of \$10,445.00 to provide the necessary inspections of the work that is proposed at the treatment plant, tertiary lagoon, remote pumping station and the collection system.

This quote is based on a minimum of 3 inspections per week for a period of one (1) year.

Thanks for the opportunity to quote on this project.

If you have questions please let me know.

Sincerely,


Lawrence W. Smither

Rec'd 1/09/06

FES

FOUSER ENVIRONMENTAL SERVICES, LTD.

Charles E. Fouser
President

LABORATORY/CONSULTING

December 24, 2005

Mr. Carroll Cogan
Farmdale Utilities Inc.
1706 Bardstown Road
Louisville, Kentucky 40205

Dear Mr. Cogan,

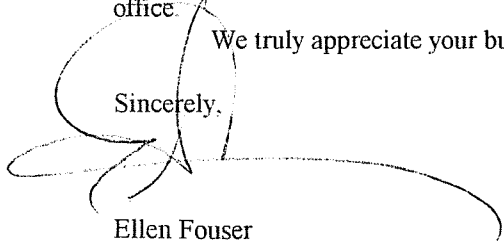
Due to the increasing cost of testing, we have no choice but to raise the price of some of our services. This will include sample collection and pick-up, as well as a selection of various analytical parameters. The price for Farmdale Subdivision will rise to \$ 150.00 per sampling event..

We hope that you will see this as an effort to improve our services, as well as a continuation of providing you with reliable results.

If you have any questions or need any additional information, please don't hesitate to contact our office.

We truly appreciate your business and look forward to working with you in 2006.

Sincerely,



Ellen Fouser

Quote

Covered Bridge Utilities, Inc.
“The Service Company”
1706 Bardstown Road
Louisville, Kentucky 40205

September 10, 2004

Mr. Carroll Cogan
Farmdale Utilities, Inc.

Re: Farmdale WWTP

I am pleased to present our quote of \$810.00 per month to be charged for the following services:

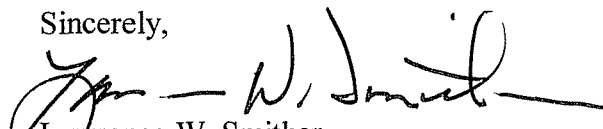
- 1) Three (3) visits per week by our certified operator to inspect all equipment.
- 2) Perform in plant testing.
- 3) Record all results and activities at the treatment plant.
- 4) Make necessary process control adjustments.
- 5) Perform some minor repairs.
- 6) Waste excess sludge to the sludge holding tank.
- 7) Perform clean up as needed.

Note: Also included in this amount is a once per month consultant inspection and report, and one (1) time per week the operator will, for a period of three hours, pump sludge from the lagoon to the sludge holding tank.

Thanks for the opportunity to quote you on this work.

If you have questions please let me know.

Sincerely,


Lawrence W. Smither

Rec'd 1/09/06

**Elliott Turner
502 Three Forks Road
Richmond, Kentucky 40475**

December 23, 2005

Farmdale Development Corp.
1706 Bardstown Road
Louisville, KY 40205

Re: Farmdale Wastewater Treatment Plant

I am pleased to present our quote of \$925.00 per month for the operation of the referenced treatment plant and the system remote lift stations.

We will make week day visits to inspect all equipment, perform in-plant test, make process control adjustments, clean up and perform preventative maintenance.

We will also make one (1) visit on the weekend to inspect all equipment for proper operation.

Thanks for the opportunity to quote you on this work.

If you have questions, please let me know.

Sincerely,



Elliott Turner

LOGSDON & CO., PC

Certified Public Accountants

405 West Sixth Street
Jeffersonville, Indiana 47130
(812) 283-7722

Member of
American Institute of
Certified Public Accountants
Indiana Certified Public
Accountants Society
Kentucky Society of
Certified Public Accountants

October 14, 2005

Carroll F. Cogan
Farmdale Development Corporation
1706 Bardstown Road
Louisville, KY 40205

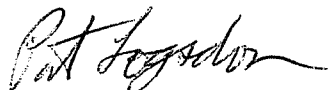
Dear Mr. Cogan:

Our fee to prepare an Application for Rate Adjustment for Farmdale Development Corporation would be \$2,000. This fee would include all necessary completion of forms and schedules to submit to the Public Service Commission of Kentucky, telephone calls, and correspondence.

Any additional services such as testifying at hearings, etc., would be charged at our standard billing rates plus expenses.

Please call if any questions.

Sincerely,



Pat Logsdon