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Honorable John N. Hughes
Attorney at Law
124 West Todd Street
Frankfort, KY 40601

June 21, 2006

RE: Case No. 2006-00123

Please see enclosed data request from Commission Staff in the above case.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Beth O'Donnell".

Beth O'Donnell
Executive Director

BOD/jc
Enclosure

Honorable John N. Hughes
Attorney at Law
124 West Todd Street
Frankfort, KY 40601

Honorable David Edward Spenard
Assistant Attorney General
Office of the Attorney General
Utility & Rate Intervention Division
1024 Capital Center Drive
Suite 200
Frankfort, KY 40601-8204

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT PETITION OF THE CITY OF PIKEVILLE)
AND MOUNTAIN WATER DISTRICT FOR THE) CASE NO. 2006-00123
TRANSFER OF CERTAIN WASTEWATER)
FACILITIES AND RELATED DEBT)

COMMISSION STAFF'S INTERROGATORIES AND
REQUESTS FOR PRODUCTION OF DOCUMENTS

Pursuant to Administrative Regulation 807 KAR 5:001, Commission Staff requests that Mountain Water District ("Mountain District") and the city of Pikeville ("Pikeville") (jointly "Applicants") file with the Commission, within 7 days of the date of this request, the original and 8 copies of the following information, with a copy to all parties of record. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the person who is responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure its legibility.

1. a. Provide all correspondence that the Applicants have received from Kentucky Infrastructure Authority ("KIA") and Rural Development ("RD") regarding their requests for approval of the debt assignment and assumption.
 - b. State whether KIA has approved the proposed debt assignment and assumption. If KIA has not approved the proposed debt assignment and assumption, then state when Applicants expect such approval to be granted.

c. State whether RD has approved the proposed debt assignment and assumption. If RD has not approved the proposed debt assignment and assumption, then state when Applicants expect such approval to be granted.

2. Listed below are the loans that Pikeville will assume upon completion of the transfer of the Mossy Bottom Sewage Collection System. Also listed are each loan's outstanding balance as reflected in Exhibit D of the Transfer Agreement, Exhibit 5 of the Application, and Mountain District's Annual Report to the Public Service Commission for Calendar Year 2004. Explain each discrepancy in the outstanding loan balances.

	<u>Loan/Bond Title</u>	<u>Exhibit D Agreement</u>	<u>Exhibit 5 Application</u>	<u>2004 Annual Report</u>
a.	RD Bond (92-19)	\$ 163,700	\$ 161,657	\$ 163,700
b.	KIA Loan A95-16	\$ 325,470	\$ 314,403	\$ 314,687
c.	KIA Loan 00-03	\$ 949,079	\$ 924,250	\$ 925,128

3. Refer to the Application, Exhibit 4 at 32 (Note W). State whether Pikeville has already acquired the Mossy Bottom Sewer System facility. If no, reconcile this response with the statement contained in Note W.

4. Identify the case in which the Commission approved Mountain District's KIA Loan A00-03.

5. At Paragraph 8(b) of their Application, the Applicants state that "[P]ikeville is negotiating the refinancing of the existing Mountain debt with Rural Development and the terms and conditions of that debt will be provided as available. The Kentucky Infrastructure Authority approved refinancing at its meeting of March 2, 2005. Written verification of that approval will be filed as available."

a. State whether the date of March 2, 2005 is correct.

b. State the terms and conditions under which KIA will permit Pikeville's assumption of the Mountain District's debt.

6. Provide the proposed journal entry that Mountain District will use to record the transfer.

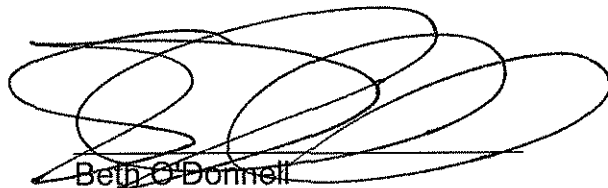
7. Describe the effect(s) of the proposed transfer of the Mossy Bottom Sewage Facilities on the Mountain District employees who are currently employed at those facilities. Identify any changes that will occur to these employees' positions as a result of the proposed transfer.

8. Provide a copy of the current contract between Pikeville and Veolia Water North America.

9. Identify and state the qualifications of the Veolia Water North America employees who currently operate Pikeville's wastewater facilities.

10. Provide all correspondence that Pikeville and/or Mountain District have received from the Division of Water, Kentucky Environmental and Public Protection Cabinet, regarding the proposed transfer of wastewater facilities.

11. State the effect, if any, that the proposed transfer will have on the operation and financial position of Mountain District's other wastewater facilities.



Beth O'Donnell
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602

Dated: June 21, 2006

cc: Parties of Record