

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

PUBLIC SERVICE  
COMMISSION

JOINT APPLICATION OF )  
CLASSIC CONSTRUCTION, INC., AND )  
AND COOLBROOK UTILITIES, LLC ) Case No 2008-00257  
FOR APPROVAL OF THE TRANSFER OF )  
WASTEWATER TREATMENT PLANT TO )  
COOLBROOK UTILITIES, LLC )

ANSWERS OF COOLBROOK UTILITIES, LLC TO  
COMMISSION STAFF'S FIRST DATA REQUEST

Comes Coolbrook Utilities, LLC ("Coolbrook"), by counsel, and for its Answers to Commission Staff's First Data Request to Coolbrook states as follows:

1. Under KRS 278 010(2), a "person" includes natural persons, partnerships, corporations, and two or more persons having a joint or common interest. Under KRS 278 010(18), an "affiliate" means a persons that controls or that is controlled by, or is under common control with, a utility. Consistent with the above definitions:

a Identify all affiliated companies that will be providing services to Coolbrook

ANSWER: Covered Bridge Utilities, Inc.

b Describe each affiliate company's relationship to Coolbrook, Martin Cogan, individually, and Lawrence Smither, individually.

ANSWER: Marty Cogan and Larry Smither are the shareholders, officers and directors of Covered Bridge Utilities, Inc

c Provide a description of the service(s) that will be performed and a list

of the fees that will be charged

ANSWER: Covered Bridge Utilities, Inc. will provide miscellaneous repairs and maintenance to the Coolbrook WWTP and the current rate for these services is \$40 per hour and \$ 45 per mile.

d Describe the bidding process that Coolbrook will use to ensure that the fees charged by the affiliated companies are competitive.

ANSWER: Coolbrook will seek to obtain two additional quotes from local vendors before using Covered Bridge Utilities, Inc to perform any major repair project at the Coolbrook WWTP.

2. Does Russell Givens plan to continue owning or managing wastewater treatment businesses?

ANSWER: Cogan and Smither are not familiar with Classic Construction's future plans.

a. Is there a written non-compete agreement:

ANSWER: There is no written non-compete agreement

b. If such agreement exists, provide it.

ANSWER: No agreement exists

c. If no such agreement exists, what is the understanding of Classic Construction and Coolbrook regarding this issue?

ANSWER: Classic Construction and Coolbrook do not have any understanding regarding this issue

3. Provide the proposed journal entry that Classic Construction will use to record the transfer.

ANSWER: See Answers of Classic Construction.

4. Provide the proposed journal entry that Coolbrook will use to record the transfer

ANSWER: The information needed to prepare the proposed journal entry has been provided to Coolbrook's accountant and the proposed journal entry will be filed with the Commission upon its receipt by Coolbrook.

5. Paragraph 6 of the application states that Coolbrook has the requisite financial ability to operate the subject wastewater treatment and collection facilities. State the basis for this assertion and provide all documents that support Coolbrook's financial ability to operate a sewage treatment plant.

ANSWER: Mr. Cogan and Mrs. Smither have examined the Coolbrook WWTP and have determined to the best of their ability that the current income is sufficient to operate the plant in an acceptable manner until a full assessment of the plant condition can be made. No major problems or conditions were evident within the plant that would require extraordinary amounts of capital. This will be done over a twelve month test period. Accordingly, Coolbrook is entering into a Line of Credit in the amount of \$10,000 with Old National Bank. This Line of Credit will be increased if it is necessary to fund any shortfall in plant operational funding. A copy of the Line of Credit contact will be provided upon its execution.

6. Provide a copy of Classic Construction's current financial statements (at a minimum, a balance sheet, income statement, and statement of retained earnings for a period ending not more than 90 days prior to the application date)

ANSWER: See Answer of Classic Construction.

7 Provide a copy of Coolbrook's current financial statements (at a minimum, a balance sheet, income statement, and statement of retained earnings for a period ending not more than 90 days prior to the application date).

ANSWER: Coolbrook, LLC is a newly formed corporation that will be used to purchase the existing Coolbrook WWTP and has no financial statements available

8 Provide a copy of all workpapers and assumptions used to determine the acquisition price of \$60,000.

ANSWER: No such workpapers exist. The acquisition cost was not based on any certain methodology, but is the result of negotiations between the parties.

9 Will the \$60,000 acquisition price paid by Coolbrook become an obligation of the customers of the wastewater treatment plant? If the acquisition price is to be "pushed down" onto the customers of the wastewater treatment plant, enumerate in detail the benefits to be received by the customers of the wastewater treatment plant that could not be provided by the current owner.

ANSWER: The purchase price will not become an obligation of the customers.

10 What is the status of Coolbrook's efforts to obtain an irrevocable Standby Letter of Credit from the Old National Bank? If it has been issued, provide a copy.

ANSWER: Coolbrook is in the process of obtaining the Irrevocable Standby Letter of Credit from Old National Bank located in Louisville, Kentucky. The Irrevocable Standby Letter of Credit will be filed with the Commission upon its receipt by Coolbrook.

11 Paragraph 9 of the application and Exhibit G state that Coolbrook will file a notice of adoption of all of Classic Construction's tariffs and supplements containing rates,

rules and regulations on file with the Commission on the date of transfer. If the transaction is approved, does Coolbrook plan to file for approval of a rate adjustment during its first year of operation?

ANSWER: The initial plan of Coolbrook, LLC would be to operate the Coolbrook plant for a twelve month period to gain firsthand knowledge of the financial situation of the Coolbrook WWTP before deciding if a rate case was necessary.

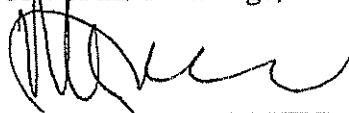
12. Enumerate the basis for the assertion that the transfer of ownership of the wastewater treatment plant is in the public interest

ANSWER: The members of Coolbrook are Martin G. Cogan and Lawrence W. Smither, both of whom have substantial experience in the operation and management of wastewater treatment plants and the companies that own them. Mr. Cogan has a Masters of Environmental Engineering degree from the University of Louisville's Speed Scientific School, is a former Certified WWTP operator in the State of Kentucky and has over 34 years of experience in the operation, management and construction of wastewater treatment facilities. Mr. Smither is a Certified WWTP operator in the State of Kentucky and has over 36 years of experience in the operation, management and construction of wastewater treatment facilities, as well as currently overseeing the operation of over 15 facilities within the State of Kentucky. Mr. Givins is a retired police officer and has limited professional experience in operating and maintaining WWTPs. Mr. Cogan and Mr. Smither are also familiar with the requirements of the Division of Water and the Commission. Coolbrook will ensure that the Coolbrook WWTP is properly maintained and operated in compliance with the current

requirements of the Division of Water and the Commission and any changes to these requirements

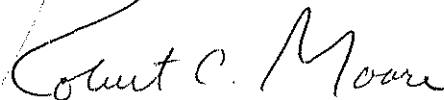
**Certification**

Martin G Cogan hereby certifies that the answers provided to the Data Requests of the Public Service Commission are true and accurate to the best of his knowledge, information and belief formed after reasonable inquiry



Martin G. Cogan, Member

Respectfully submitted,



Robert C. Moore  
Robert C. Moore  
Hazelrigg & Cox, LLP  
415 West Main Street  
P.O. Box 676  
Frankfort, Kentucky 40602-0676

STATE OF KENTUCKY )  
 )  
COUNTY OF JEFFERSON )

Subscribed, sworn to before me this 5<sup>th</sup> day of September, 2008, by Martin G Cogan, as Member of Coolbrook Utilities, LLC

My commission expires: July 12, 2009

Micklyn J. Bisognain  
NOTARY PUBLIC

CERTIFICATE OF SERVICE

I hereby certify that the foregoing was served by first class mail this 5<sup>th</sup> day of September, 2008, on Charles E. Jones, McNamara & Jones, 315 High Street, Frankfort, Kentucky 40601.

Robert C. Moore  
Robert C Moore