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January 4, 2011

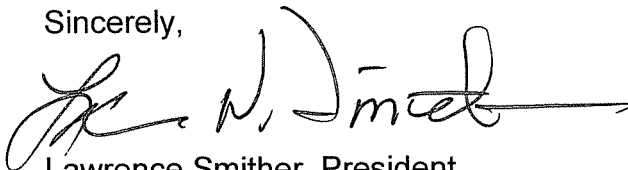
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Post Office Box 615
Frankfort, KY 40602

Re: Coolbrook Utilities, LLC 2010 Rate Case No. 2010-00314

Dear Sirs:

Attached is our response to the PSC Staff's 2nd data request in the above-referenced case.

Sincerely,

A handwritten signature in black ink, appearing to read "L. N. Smither", with a long horizontal flourish extending to the right.

Lawrence Smither, President
Coolbrook Utilities, LLC

Coolbrook C/N 2010-00314 2nd Data Request Responses

Question No. 1: *Provide all logs, time sheets, journals, or any records that provide information about the dates and hours worked and duties performed for Coolbrook by Lawrence Smither and/or Martin Cogan.*

Answer: We have not kept any records of time spent performing duties for Coolbrook because we weren't aware it was necessary. Mr. Smither routinely visits Coolbrook one day a week, but has not tracked his time while there. If the Commission indicates that it is cost beneficial for Mr. Smither and/or Mr. Cogan to track their time spent at the plant, doing administrative work, phone calls or any of the many items listed in the answer to question #3 of the first data request, on behalf of Coolbrook, we are willing to track time in the future.

Witness: Larry Smither

Question No. 2: *Does Coolbrook contract with Thacker Environmental to operate the sewer plant? (A) If yes, provide a copy of the contract. (B) Is there any shared management or ownership between Thacker Environmental, Coolbrook, Mr. Smither and/or Mr. Cogan?*

Answer: Yes, Thacker Environmental is the operator of record for Coolbrook. Attached is the quote we received from Thacker Environmental on 12/18/08. We did not sign a formal contract with Thacker but gave them verbal approval to operate the plant as per the terms of the quote.

Jim and Kyle Thacker own Thacker Environmental and neither Mr. Smither nor Mr. Cogan have any financial interest in Thacker Environmental, so there is no shared management or ownership.

Witness: Larry Smither

Question No. 3: *Mr. Smither and Mr. Cogan are involved with four other sewer utilities. How do Fox Run Utilities, LLC, Brocklyn Utilities, LLC, and Lake Columbia Utilities, LLC, collect their fees and what has been their experience with collections.*

Answer: The billing and collecting for Lake Columbia are done by the Louisville Water Company and we haven't had any collection issues there. The billing and collecting for Brocklyn and Fox Run are done by Integrity Bookkeeping. Brocklyn Utilities has significant collection issues such that we've hired a specialized collections company to attempt to address the situation, and we've used an attorney to assist us with some of the more difficult cases. Fox Run Utilities has few problems, but it only has less than 35 customers.

Coolbrook would also like to re-emphasize our nightmarish problems with billing and collecting at the Airview sewer system. Until a few years ago, Airview's billing and collecting was done by the Hardin County Water District, and there were very few collections problems. When Hardin County Water discontinued providing this service, we had to make other arrangements. Integrity Bookkeeping currently does Airview's billings, and residents of Airview that are either slow in paying or don't pay at all owe Airview Utilities a total of \$52,000. We have used the services of a collection agency and an attorney with very little success, and these services also cost money.

In summary, collection issues are rare for those sewer utilities that have had water utilities provide this service.

Witness: Larry Smither

Question No. 4: *Has Coolbrook considered advertising for competitive bids for the billing and collecting service? (A) If yes, provide a listing of the respondents, the amount of their bids, and the criteria under which the bids were sought. (B) Has Coolbrook considered doing its own billing*

and collecting? If not, why not and what would be the cost of doing the billing and collecting in-house?

Answer: No. As stated in prior responses, given our negative collections experience with Airview, Coolbrook has not advertised for bids and has not considered doing the billing and collecting in-house. Consequently, we don't know what the cost would be, although we do know that a competitive bidding exercise required by the PSC in a 2008 Farmdale Development sewer case did not yield attractive alternatives to Farmdale Water District providing this service. From our experience, collections go much better when the water utilities provide this service.

Witness: Larry Smither

Question No. 5: What percentage of Coolbrook's bills have been considered uncollectible for each of the last five years and what was the amount of uncollectible for each of those years.

Answer: Coolbrook's present owners acquired the plant just over two years ago, and therefore cannot provide a 5-year history. However, within the two-year period of our ownership there haven't been any bills that were considered uncollectible, and we strongly believe this proves the benefits of the billing and collection arrangement (including the threat of disconnection) with Farmdale Water District, especially when compared to the significant uncollectibles experienced by the Airview sewer system.

Witness: Larry Smither

THACKER ENVIRONMENTAL CONSULTANTS

588 Copperfield Dr.
Lawrenceburg, Kentucky 40342

Jim Tel: 1-(502)-680-5864
Kyle Tel: 1-(502)-680-5866
Mai Tel: 1-(502)-460-5119

QUOTE

Coolbrook Utilities LLC

Quote Date: 12/18/08

Project Description: Overseeing and operation of wastewater plant and use of license (16260).

<u>Quantity</u>	<u>Rate</u>	<u>Description</u>	<u>Amount</u>
22 visits	\$1,600.00	Use of license and check ups	\$1,600.00
4 MLSS test	\$0.00	Ran MLSS test on plant weekly	\$0.00
2 COD test	\$0.00	Tested by Thacker Environmental	\$0.00
2 NH-3 test	\$0.00	Tested by Thacker Environmental	\$0.00
4 Hose downs	\$0.00		

Conditions: Either Kyle or Myself will oversee and operate the wastewater treatment plant six days a week. The days will be Monday-Friday, and Sunday. We will take care of all observations and numbered logbooks where information will be recorded, as well as one weekly wash down/clean up. I will be running the plant performance test listed above. Coolbrook will be responsible for cost of upgrades maintenance, and laboratory testing. Thacker Environmental does have a maintenance crew if needed, but a maintenance invoice will be submitted in addition. ***Les Couch*** is the maintenance Forman and can be reached at any time at ***1-(502)-460-5119***. I would also request that Fouser Environmental services take care of weekly test and D.M.R.'s. I would love to work for you, remember you are getting two for the price of one.

TOTAL AMOUNT QUOTED

\$1,600.00

COMMONWEALTH OF KENTUCKY)

SS

COUNTY OF JEFFERSON)

The undersigned, Joe W. Smith, being duly sworn, deposes and states he is the Owner of Coolbrook Utilities, LLC, Applicant, in the above proceedings; that he has read the foregoing responses and has noted the contents thereof; that the same is true of his own knowledge, except as to matters which are there in stated on information or belief, and as to those matters, he believes same to be true.

IN TESTIMONY WHEREOF, witness the signature of the undersigned on this 1-4-11.

Joe W. Smith
Owner
Coolbrook Utilities, LLC

Subscribed and sworn to before me by Lawrence W. Smith, Owner of Coolbrook Utilities, LLC, on this Jan. 4, 2011.

My Commission Expires April 25, 2013

Chester K. McCormick
Notary Public
In and for said County and State