

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ALTERNATIVE RATE FILING OF HILLRIDGE ) CASE NO.  
FACILITIES, INC. ) 2010-00426

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION  
TO HILLRIDGE FACILITIES, INC.

Pursuant to Administrative Regulation 807 KAR 5:001, Commission Staff requests that Hillridge Facilities, Inc. ("Hillridge Facilities") file the original and two copies of the following information with the Commission within 14 days of this request, with a copy to all parties of record. Each copy of the information 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 witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure its legibility. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and

accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Hillridge Facilities shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Hillridge Facilities fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

1. Describe the present status of Hillridge Facilities' Kentucky Pollutant Discharge Elimination System permit.
2. Provide a copy of the most recent infiltration and inflow study performed on Hillridge Facilities' system.
3. Identify the person or firm that conducted the most recent infiltration and inflow study on Hillridge Facilities' system.
4. Describe how the person or firm that conducted the most recent infiltration and inflow study on Hillridge Facilities system was selected to perform the study.
5. State the percentage of Hillridge Facilities' system that was examined as part of the most recent infiltration and inflow study on Hillridge Facilities system.
6. State the cost of the most recent infiltration and inflow study on the Hillridge Facilities system and describe how this cost was financed.
7. List the order in which Hillridge Facilities intends to make the proposed sewer main repairs.

8. a. State whether Hillridge Facilities' sewage system is currently on the Kentucky Division of Water's ("DOW") Sanction List.

b. If the system is on this List,

(1) Explain why it has been placed on this list.

(2) Describe the effect on Hillridge Facilities' operations from being placed on this List.

(3) State the actions that Hillridge Facilities must take to be removed from the List.

9. State the reasons why Hillridge Facilities has not applied for a rate adjustment since 2002.

10. State why Hillridge Facilities cannot borrow the monies necessary to finance the proposed sewer main repairs in lieu of assessing a surcharge.

11. State the name and address of each financial institution or lender to which Hillridge Facilities has applied for funding to finance the proposed sewer main repairs.

12. Describe how Hillridge Facilities solicited bids for the proposed sewer main repairs. List all persons from whom Hillridge Facilities solicited a bid for the proposed sewer line repairs.

13. Provide all bids for the sewer line repairs that Hillridge Facilities received and did not include in its application for rate adjustment. Explain why these bids were not included with the application.

14. In its application, Hillridge Facilities states that the proposed sewer main repairs "are critically needed to avoid fines and penalties from the Kentucky Division of Water."

a. List all DOW enforcement actions currently pending against Hillridge Facilities and the nature of the violation that is the subject of the action.

b. Provide all letters of warning and notices of violation that DOW has issued to Hillridge Facilities regarding its infiltration and inflow problems.

15. State whether performing the sewer main repairs listed in the application will bring Hillridge Facilities' sewage system into compliance with all DOW regulations. If not, identify all other actions necessary to bring the system into compliance.

16. For each location that Hillridge Facilities has identified as requiring repairs or main replacement, state the year in which the existing main was placed into service.

17. State the expected useful life for Hillridge Facilities' sewer mains. If different types of mains are used, state the expected useful life for each type and the time period when that type of main was installed.

18. Refer to Application, Attachment A, Adjustment E (Chemical Expenses).

a. State the reasons for the 'abnormally low' chemical expense that Hillridge Facilities incurred in 2009.

b. Explain why the annual cost of chemicals decreased in each year from 2006 from each previous year.


19. State the rate schedule under which Louisville Gas and Electric Company provides electric service to Hillridge Facilities. If service is provided under more than one rate schedule, list each rate schedule and identify the facilities that are served under each rate schedule.

20. State whether Hillridge Facilities agrees that:

a. Any adjustment to fuel and power expense based upon increases in Louisville Gas and Electric Company rates should be calculated using the rate of increase in the rate schedule under which Hillridge Facilities is provided electric power.

b. The most appropriate and accurate means of calculating Hillridge Facilities' fuel and power expense is to apply the present Louisville Gas and Electric Company rates to the utility's actual usage during the test period.

21. State whether KRS 278.020(1) requires Hillridge Facilities to obtain a certificate of public convenience and necessity prior to undertaking the sewer main replacements that Hillridge Facilities proposes to be financed through the proposed surcharge.



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Jeff Derouen  
Executive Director  
Public Service Commission  
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DATED: FEB 11 2011

cc: Parties of Record

Case No. 20010-00426

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