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PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

APPLICATION OF BUSH GARDENS
ENTERPRISES, LLC FOR APPROVAL OF
INITIAL SEWER RATES PURSUANT TO THE
ALTERNATIVE RATE FILING PROCEDURES
FOR SMALL UTILITIES AND TARIFF

CASE NO. 2015-00306

ANSWERS TO ATTORNEY GENERAL'S INITIAL REQUESTS FOR INFORMATION

To: Jeff Derouen, Executive Director
Public Service Commission
211 Sower Boulevard
Frankfort, KY 40601

The following are Bush Gardens Enterprises, LLC's answers to the Attorney General's

Initial Requests for Information:

1. Please reference the Bush Gardens Enterprises, LLC ("Bush Gardens") Application (hereinafter "Application"), paragraphs 1 and 2. Explain why there has never been a request for payment to operate the sewer treatment plant for Bush Garden Subdivision in the past ten years.

ANSWER TO NO. 1: We originally planned to build more homes in Bush Garden subdivision and then set a rate, thinking that it would be most reasonable to set a rate with the maximum number of residents. However, plans to build other homes have never come to fruition and there is currently no market to build other homes in the Bush Garden Subdivision.

Witnesses prepared to Answer: Linda Bowling and David Bowling

2. Please reference the Application, paragraph 3.
 - a. How many homes in the Bush Garden Subdivision have a septic system?
 - b. Please explain whether the sewage treatment plant receives overflow from the septic systems.
 - c. What steps would the residents of the subdivision have to take in order to install an independent sewer system for each home? Also, what would the estimated costs be for this installation?

ANSWER TO NO. 2a: None of the homes in the Bush Garden Subdivision have a septic system.

ANSWER TO NO. 2b: There are no septic systems and, thereby, no overflow.

ANSWER TO NO. 2c: To install an independent sewer system, each home owner would have to go through the Johnson County Health Department (“JCHD”) and pass the JCHD’s Site Evaluation (formerly referred to as a “PERK test”). We believe that each home would have to have a leach bed and a sewer tank.

Depending on what the JCHD determines to be satisfactory, the estimated cost of installation could range from \$3,500 to \$5,000.

[Additionally, Bush Gardens is willing to withdrawal its application (if possible) if Bush Gardens residents would each agree to install their own private sewer system in a reasonable amount of time. It is the plea of Bush Gardens that the Attorney General or the Public Service Commission try to reason with Bush Garden residents and have them install their own sewer systems such that a rate sufficient to cover expenses of the current sewer plant will not be set by the Public Service Commission.

As documented in Ashley Litteral Public Comment (page 7), on March 30, 2015 Tri-County Concrete, Inc. (“Tri-County”) offered to install private sewer systems for Bush Garden residents and receive payments for such work over a 42 month period. This offer was extended to make this option feasible for all residents, even those who could not immediately afford a several thousand dollar investment. Obviously, Bush Garden residents rejected this offer.

Tri-County remains willing to perform the work recommended by the JCHD and receive payments over 42 months. In conjunction with this offer, Tri-County invites the JCHD to supervise this work and invites the Attorney General to draft contracts for residents to govern such engagement with Tri-County.

Moreover, Tri-County wants the record to reflect its desire **NOT** to be involved with any work at Bush Gardens subdivision and only makes the above offer because of the desperation of the Bush Gardens entity.]

Witnesses prepared to Answer: Linda Bowling and David Bowling

3. Please reference the Application generally.
 - a. Please explain if the sewage treatment plant in question has been in compliance with all applicable laws and regulations?
 - b. Explain whether the operators of the Bush Garden Subdivision sewage treatment plant have been investigated or cited for any issues?
 - c. Where does the sewage plant discharge?
 - d. Where is the sewage plant permitted to discharge?

ANSWER TO NO. 3a: The plant in question has been cited for non-compliance. This citing occurred about two years ago.

ANSWER TO NO. 3b: The "Operator" used broadly is Bush Gardens. Bush Gardens owner is Linda Bowling. Linda Bowling has never been investigated or cited for any issues. Mike Conley is the operator of Bush Garden Subdivision in the more strict sense of operating the sewage treatment plant. We do not know if Mike Conley has ever been investigated or cited for any issues.

ANSWER TO NO. 3c: The sewage plant discharges in Toms Creek.

ANSWER TO NO. 3d: The sewage plant is permitted to discharge in Toms Creek.

Witnesses prepared to Answer: Linda Bowling and David Bowling

4. Reference the Application, paragraph 7.
 - a. Explain what occurred when Bush Gardens approached the Paintsville officials concerning the city taking over the sewer treatment plant. Did the city officials think it could be a feasible solution?
 - b. Has Bush Gardens communicated with Paintsville city officials after July 2015? If so, please explain. If not, explain why not.

ANSWER TO NO. 4a: There was an undocumented verbal conversation that occurred between Bush Gardens representative David Bowling and Paintsville Mayor, Bob Porter. Mayor Porter said he would present the idea of taking the plant over before the city board. We do not know if Mayor Porter ever presented the idea to the city board or if he, or anyone at the board, thought the idea to be feasible.

ANSWER TO NO. 4b: Bush Gardens has not communicated with Paintsville city officials after July 2015. Bush Gardens never heard back from city officials.

Witnesses prepared to Answer: Linda Bowling and David Bowling

5. Please reference the Application, paragraph 8. Provide all documentation and/or communications where the operator solicited municipal and private third parties to take over the sewage plant without consideration.

ANSWER TO NO. 5: Bush Gardens has had undocumented verbal conversations with municipal officials, Paintsville Utilities Manager and Paintsville Mayor Bob Porter, about taking the plant over without consideration.

Bush Gardens has had undocumented verbal conversations with private third parties Dickie Crum, Larry Stambaugh, and Michael Conley about taking the plant over without consideration.

Bush Gardens has had undocumented verbal conversations with Bush Garden residents about taking the plant over without consideration.

Lastly, Bush Gardens made this offer to Bush Garden residents on March 30, 2015, as documented in writing in Ashley Litteral Public Comment (Page 6).

Witnesses prepared to Answer: Linda Bowling and David Bowling

6. Please reference the Application, Alternative Rate Filing (“ARF”) Form-1, number 11. Provide a list that states the actual cost to operate the sewage treatment plant servicing the subdivision each and every year, for the past ten years.

ANSWER TO NO. 6: Bush Gardens does not have record of the requested information. Most transactions were on a cash basis and there are no receipts. Bush Gardens bought chemicals, pumped tanks, and repaired motors/pumps as necessary to run the plant and to keep the plant in compliance. When the plant became non-compliant, Bush Gardens switched operators, from Larry Stambaugh to Michael Conley.

Witnesses prepared to Answer: Linda Bowling and David Bowling

7. Reference the Application, ARF Form 1 – Attachment SAO-S, Pro Forma Adjustments.
 - a. Provide documentation that a \$3,600 owner/manager fee is reasonable and should be included in the sewer rates.
 - b. Provide documentation supporting that the \$3,900 routine maintenance fee is reasonable. Also, state the specifics of the bidding process for the routine inspections. For example, was Michael Conley’s \$325 per month bid the only one received, or the lowest of all the bids received?
 - c. Provide documentation that supports the \$1,240 maintenance of structures and improvements fee. Also, was a bidding process used for the award of this contract?

ANSWER TO NO. 7a: A \$3,600 owner/manager fee was suggested by the Public Service Commission for “small” utilities. We understand that eight customers might be less than a “small” utility, but that’s where the number came from. Further, it was our understanding that the Owner got the operating ratio (12 cents on the dollar) and the Manager actually received the owner/manager fee.

The Manager of this plant will be responsible for: Managing Bush Gardens Enterprises, LLC; Taking care of all billing and collections; Making trips to Bush Gardens to check on the plant; Making other trips to Bush Gardens as necessary; and Coordinating all repairs/replacements of parts on the plant.

[It seems apparent that the Bush Garden sewer rate will have to exceed one hundred dollars to pay even the most basic of expenses outlined in the application. We don’t think that Bush Garden residents can or will pay such a high rate. We anticipate the collection process to literally be a full-time job and full-time pain. We conscripted Lance Bowling to manage this company because we don’t think anybody else would put up with the headache for \$3,600 a year.]

ANSWER TO NO. 7b: There is no formal bidding process. Michael Conley is a licensed operator and \$325 is cheaper than other local, licensed operators. If the Attorney General or the Public Service Commission knows a licensed operator who will do the work cheaper, Bush Gardens will be glad to replace Michael Conley.

ANSWER TO NO. 7c: There is no formal bidding process. Maintenance of structures and improvements varies each year. Such improvements totaled \$1,240 this year. In the past, Bush Gardens repaired and replaces motors, pumps, timers, plumbing, etc. as necessary. There are no records to support past years’ expenses.

Witnesses prepared to Answer: Linda Bowling and David Bowling

8. Refer to the Application, Statement of Disclosure of Related Party Transactions.
 - a. Confirm that Lance Bowling, the son of the President/CEO of Bush Gardens, will be acting as manager of Bush Gardens and receive the \$3,600 owner/manager fee.
 - b. Explain Lance Bowling’s ownership interest in Tri-County Concrete, Inc.
 - c. Did Bush Gardens obtain bids from other companies for the contracts awarded to Tri-County Concrete, Inc.? If so, provide the bidding documentation. If not, why not?

ANSWER TO NO. 8a: As described in 7a above, Lance Bowling, son of Bush Gardens Owner/President/CEO Linda Bowling, is scheduled to act as manager of Bush Gardens and receive the \$3,600 manager fee. Linda Bowling is 68 years old and is unable to perform management duties for Bush Gardens. We will gladly take recommendations if

the Attorney General or the Public Service Commission knows someone who will take such managerial responsibility \$3,600/year.

ANSWER TO NO. 8b: Lance Bowling is not the owner, but the manager of Tri-County Concrete, Inc.

ANSWER TO NO. 8c: Bush Gardens did not obtain bids from other companies for the contracts awards to Tri-County Concrete, Inc. Bush Gardens recently became a Limited Liability Company and has no bidding policy or procedures. Tri-County sells chemicals and performs maintenance and Tri-County provided the chemicals and did the work for Bush Gardens.

Witnesses prepared to Answer: Linda Bowling and David Bowling

CERTIFICATION

I, LINDA BOWLING, do hereby verify the contents of the above Complaint are true and correct to the best of my knowledge, information, and belief formed after a reasonable inquiry.


LINDA BOWLING

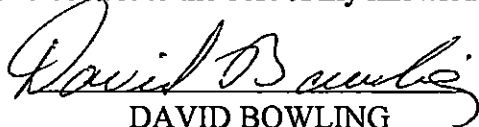
STATE OF KENTUCKY
COUNTY OF PIKE

Subscribed and sworn to before me by LINDA BOWLING on this 13th
day of November, 2015.

MY COMMISSION EXPIRES: 12/5/18


NOTARY PUBLIC

I, DAVID BOWLING, do hereby verify the contents of the above Complaint are true and correct to the best of my knowledge.


DAVID BOWLING

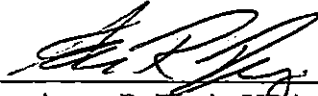
STATE OF KENTUCKY
COUNTY OF PIKE

Subscribed and sworn to before me by DAVID BOWLING on this 13th
day of November, 2015.

MY COMMISSION EXPIRES: 12/5/18


NOTARY PUBLIC

Respectfully submitted,



Aaron R. Davis, KBA #96155

Member of The Davis Firm, PLLC
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Certificate of Service and Filing

Counsel certifies that an original and one copy of the foregoing were served and filed by First Class U.S. Mail, postage pre-paid, to Jeff Derouen, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601; counsel further states that true and accurate copies of the foregoing were mailed via First Class U.S. Mail, postage pre-paid, to:

Hon. Jack Conway, Attorney General
Hon. Angela M. Goad
Hon. Gregory T. Dutton
1024 Capital Center Drive, Suite 200
Frankfort, KY 40601-8204

This 13th day of November, 2015.



Aaron R. Davis