

RECEIVED

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

MAR 1 2017

PUBLIC SERVICE
COMMISSION

In the Matter of:

APPLICATION OF EVERGREEN SEWAGE)
DISPOSAL, INC., FOR APPROVAL OF)
TRANSFER OF EVERGREEN SEWAGE)
DISPOSAL, INC., TO FARMDALE)
SANITATION DISTRICT)

Case No. 2016-000290

ANSWER TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION

Evergreen Sewage Disposal, Inc. ("Evergreen"), by Counsel and by its authorized representative, Michael Dailey, and Farmdale Sanitation District by its authorized representative, Allan Alsip, answers as follows :

1. Confirm that Evergreen's exact corporate name is "Evergreen Sewage Disposal, Inc." If Evergreen has a different corporate name or an assumed name it does business as, provide the name(s).

Answer: The name of the corporation is shown on its Articles of Incorporation and the Kentucky Secretary of State's records is Evergreen Sewage Disposal, Inc.

2. Provide a copy of the ordinance that established the Farmdale Sanitation District ("Farmdale"); additionally, if applicable, provide a copy of each subsequent ordinance pertaining to Farmdale.

Answer: See attached Franklin County Fiscal Court Ordinance No. 4, dated February 6, 2004.

3. Refer to the Agreement between Evergreen and Farmdale dated January 4, 2017, and provide the following:

a. Fully describe the process through which Evergreen authorized Michael Dailey to execute the Agreement on behalf of Evergreen. Supply all related business records that document Mr. Dailey's authority to execute the Agreement.

Answer: Michael Dailey and each of the directors of the corporation discussed executing the Agreement on behalf of Evergreen and agreed Michael Dailey would execute the Agreement on behalf of the corporation.

b. Fully describe the process through which Evergreen authorized the filing of a request for a transfer. Supply all related business records that document the authorization.

Answer: Michael Dailey and each of the directors of the corporation authorized Mr. Dailey to confer with Counsel and execute any documents necessary to be filed with the Public Service Commission, or otherwise, to request the transfer of ownership to Farmdale Sanitation District.

c. Fully describe the process through which Farmdale authorized Allan Alsip to execute the Agreement on behalf of Farmdale. Supply all related records that document Mr. Alsip's authority to execute the Agreement.

Answer: Allan Alsip was appointed to enter into a purchase agreement at a special meeting of the Farmdale Sanitation District on January 26, 2017; see copy of minutes attached hereto.

d. Fully describe the process through which Farmdale authorized an acceptance of Evergreen's sewage disposal system. Supply all related records that document the authorization.

Answer: Farmdale has anticipated accepting the ownership and operation of

WWTPs in western Franklin County for sometime. The slide show referred to in the January 26, 17 minutes (see Answer 3c), which was presented by Franklin County Planner, Robert Hewitt and a representative of the Frankfort Sewer Department, illustrated the condition of Evergreen and other WWTPs and provided other information related to their acceptance by Farmdale; based upon his investigation and an on-site inspection with a Frankfort Sewer Department representative and Mr. Hewitt concluded the Evergreen facility was in excellent condition and recommended its acceptance by Farmdale.

4. For Farmdale, provide the following:

a. Describe Farmdale's technical ability and resources to manage and operate the Evergreen system, including, but not limited to, its employment of or contractual arrangement for a qualified and certified operator for the system.

Answer: Farmdale owns eight (8) acres of land on US 127 South which was purchased with a US EPA grant for the location of a new sewage treatment facility; Farmdale holds approximately eight hundred, seventy three thousand dollars (\$873,000.00) in funds from the US EPA which may be used for both construction and design of a new facility; its operating bank account contained eighty three thousand, three hundred and ninety-nine dollars and fourteen cents (\$83,399.14) on January 31, 2017 (See Farmers Bank statement attached).

b. Describe Farmdale's financial ability and resources to manage and operate the Evergreen system, including, but not limited to, available funds, lines of credit, loans, grants, or other financial support.

Answer: See Answer to 4a.

c. Describe Farmdale's managerial ability and resources to manage and

operate the Evergreen system.

Answer: Farmdale has published RFPs for a certified operator and laboratory services; it will have qualified personnel prior to the transfer of ownership contemplated by this case.

d. If Farmdale has entered into a contract with any third party regarding the performance of technical, financial, or managerial services by the third party on behalf of Farmdale, provide a copy of each contract.

Answer: No, except as to Answer 4c.

5. The Annual Report of Evergreen Sewage Disposal System, to the Public Service Commission for the Year Ended December 31, 2015 ("2015 Annual Report") at page 13 of 44 does not contain an end-of-year balance amount for customer deposits.

a. Confirm that Evergreen does not hold any customer deposits.

Answer: Evergreen does not require or receive deposits from customers.

b. If Evergreen holds any customer deposits, state whether Evergreen will refund the deposits that it holds, transfer the deposited funds to Farmdale, or apply or transfer the funds to another use. If applied for another use, then identify the other use.

Answer: Not Applicable.

6. Evergreen's Motion to Continue and to Amend, page 1, Item 3, states "Pursuant to KRS 220.030, Farmdale was established to, among other things, provide for the collection and disposal of sewage and to prevent and correct the pollution of streams."

a. Confirm that Farmdale Sanitation District currently does not have any customers, and additionally, confirm that it has not set initial rates.

Answer: Farmdale has neither customers nor initial rates.

b. State the rates that will be charged to all current Evergreen customers upon completion of the transfer. Provide an estimate of the annual revenues derived from the customers using the proposed rate schedules.

Answer: Forty dollars (\$40) per customer flat monthly rate; the current number of customers is thirty nine (39).

(1) If Farmdale intends to charge the current flat rate for Evergreen customers, state the approximate length of time that Farmdale intends to charge that rate.

Answer: Yes, no change anticipated currently.

(2) If Farmdale intends to charge a rate that is different from the current flat rate for Evergreen customers, state the process through which Farmdale will implement those new rates.

Answer: Not applicable.

c. The current flat rate for a single-family residential customer is \$40.00 per month, and \$40.00 per residential equivalent for multi-family dwellings. If the rates to be charged are different than the current flat rate, state whether Evergreen has provided notice of this potential change in rates to its customers. If so, provide a copy of the notice(s).

Answer: Not applicable.

7. Refer to the Agreement attached with the Motion to Continue and to Amend, page 2, Item 7, which states: "The Seller shall continue to operate the WWTP until the Public Service Commission approves the transfer contemplated by this Agreement." with regard to the WWTP that is to be transferred:

a. State whether Farmdale intends to continue to operate the WWTP upon successful transfer of the assets listed in the statement above.

Answer: Evergreen intends to continue operating the WWTP until its assets are transferred to Farmdale and Farmdale notifies Evergreen that it has a certified operator ready to continue operation.

b. If the response to Item 7a is no, state the manner in which Farmdale intends to treat the effluent created by the Evergreen system.

Answer: Not Applicable.

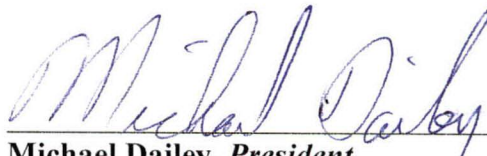
c. If Farmdale does not intend to continue to operate the WWTP, describe the process for the decommissioning of the WWTP and provide a time estimate for when this work will be completed.

Answer: Not Applicable, except Farmdale hopes and expects to decommission the WWTP when an appropriate sewage treatment facility is completed on its eight (8) acre tract referred to in Answer 4a.

Respectfully Submitted,



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Attorney for Evergreen Sewer Disposal, Inc.




Michael Dailey, President
Evergreen Sewage Disposal, Inc.

COMMONWEALTH OF KENTUCKY)
)SS.
COUNTY OF FRANKLIN)

Subscribed, sworn to and acknowledged before me this 1st day of March, 2017, by
Michael Dailey, President of Evergreen Sewage Disposal, Inc.

Elizabeth D. Loman, Notary Public
Commonwealth of Kentucky
State at Large, Notary ID: 539406
My Commission expires: August 6, 2019




Allan Alsip, Chairman
Farmdale Sanitation District

COMMONWEALTH OF KENTUCKY)
)SS.
COUNTY OF FRANKLIN)

Subscribed, sworn to and acknowledged before me this 1st day of March, 2017, by Allan
Alsip, Chairman, Farmdale Sanitation District.





Elizabeth D. Loman, Notary Public
Commonwealth of Kentucky
State at Large, Notary ID: 539406
My Commission expires: August 6, 2019

ANSWER NO. 2

ATTACHMENT

FRANKLIN COUNTY FISCAL COURT

ORDINANCE NO. 4

FEBRUARY 6, 2004

ORDINANCE NO. 4
2004 Series

AN ORDINANCE RELATING TO
THE CREATION OF
A SANITATION DISTRICT IN
FRANKLIN COUNTY

WHEREAS, the Franklin County Fiscal Court recognizes the need for a Sanitation District to provide for the collection and disposal of sewage and other liquid wastes in Franklin County, Kentucky so as to prevent and correct the pollution of streams and provide for the general public health, safety and welfare; and recognizes the necessity that such a special district be empowered to construct sanitation facilities conducted to the public health, safety, comfort, convenience or welfare.

WHEREAS, the Kentucky Revised Statutes Chapter 67.715 as enacted by the Kentucky General Assembly authorizes the County Judge/Executive, with the approval of the Fiscal Court, to create and establish any special district, and KRS 67.083 provides for the establishment of necessary governmental services.

WHEREAS, it is the desire of the Fiscal Court of Franklin County, Kentucky to provide for the establishment of a Sanitation District within the County.

NOW THEREFORE, BE IT ORDAINED BY THE FISCAL COURT OF THE COUNTY OF FRANKLIN, COMMONWEALTH OF KENTUCKY:

In accordance with KRS Chapter 67.083 (2) and 67.083 (3) (c), (h) and (r) and KRS Chapter 67.083 (3) (c), (h) and (r) the Franklin County Fiscal Court grants its approval for the County Judge/Executive to establish a special district shall be known as the Farmdale Sanitation District.

The Farmdale Sanitation District shall be created and formed so that it shall have all powers and duties to reasonably, necessarily and effectively implement the provisions of and carry out the duties prescribed by KRS Chapter 220. The District shall be structured consistent with the provisions of KRS Chapter 220.

The Fiscal Court, Pursuant to KRS Chapter 220.035, reserves the power and authority to: review and approve, amend or disapprove proposed district land acquisitions; review and approve, amend or disapprove proposed district construction of capital improvements; review and approve, amend or disapprove proposed services charges or user fees; and review and approved, amend or disapprove proposed budget.

The District shall submit to the Fiscal Court all plans and documentation for review and approval, amendment or disapproval by tendering any such documents or plans to the Fiscal Court through the County Judge/Executive at least forty-five days prior to the proposed effective date or time for submission to any entity.

The proposed work of the District is necessary and conducive to the public health, safety, comfort, convenience and welfare. The District is established for the purposes of enumerated in KRS Chapter 220.030 which include providing for the collection and disposal of sewage and other liquid wastes produce within the district; and incident to such purposes and to enable their accomplishment, to construct, with all appurtenances thereto, laterals, truck sewers, intercepting sewers, siphons, pumping stations, treatment and disposal works, to maintain, operate and repair same, and do all other things necessary for the fulfillment of the purposes of KRS 220.010 to 220.520.

The District shall include an area in Franklin County, not to include the city of Frankfort, within and described by the following boundary:

The certain area located in Franklin County, Kentucky, containing and encompassed by the same boundary as the Farmdale Water District.

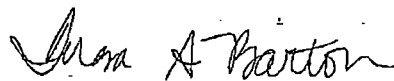
The District shall have the powers stated in KRS Chapter 220 including the power to sue and be sued, contract and be contracted with, incur liabilities and obligations, exercise the right of eminent domain, assess, tax, contract for rentals, issue bonds, and do and perform all acts necessary and proper for the carrying out for the purposes for which the District is created, and for executing the powers for which it is vested as provided in KRS Chapter 220.510.

The District shall have the power of condemnation, as provided and described in KRS Chapter 220.310; and may provide for a sewer service charge to be imposed and collected, as provided in KRS Chapter 220.510.

THIS ORDINANCE NO 4 SHALL BECOME EFFECTIVE ON THE DATE OF THE SECOND READING AND ADOPTION.

INTRODUCED, SECONDED AND GIVEN FIRST READING APPROVAL at a duly convened meeting of the Fiscal Court of Franklin County, Kentucky held on the 15 day of January 2004.

GIVEN SECOND READING AND ADOPTED at a duly convened meeting of the Fiscal Court of Franklin County, Kentucky, held on the 6 day of February 2004, and of record in Fiscal Court Order Book 19, Page 282.



Teresa A. Barton
Franklin County Judge/Executive

ATTESTED TO:



ANSWER NO. 3c

ATTACHMENT

FARMDALE SANITATION DISTRICT
SPECIAL CALLED MEETING
JANUARY 26, 2017

FARMDALE SANITATION DISTRICT BOARD

January 26, 2017

Special Called Meeting

Farmdale Sanitation District Board was called to order on January 26, 2017 at the Evergreen Baptist Church, 2698 Evergreen Road.

Board Members Present: Chairman Allan Alsip, Treasurer Denis King, Secretary Joy Peach.

Others Present: County Judge Executive Huston Wells, Ann Northcutt, Robert Hewitt Director Franklin County Planning & Building Codes, Ray Bascom of H.M.B. Franklin County Magistrates, & citizens of the Farmdale Sanitation District.

County Judge Huston Wells gave opening remarks and welcomed the public to the meeting.

Motion by Treasurer Denis King to accept Minutes from Last Meeting. Second by Secretary Joy Peach. Motion carried.

Motion by Treasurer Denis King that Farmdale Sanitation Board enter into a purchase agreement for the assets of the Ridgelea Investments, Inc. for the WWTP'S and the collection systems including the Farmgate, Meadowbrook, and Edgewood systems. That the Farmdale Sanitation District enter into a purchase agreement for the assets of the Evergreen WWTP and the collection system. Second by Secretary Joy Peach. Motion carried.

Recess of meeting so Robert Hewitt & H.M.B. can explain and give a slide show of the future project of Farmdale Sanitation Board. After which the public can ask questions of the Board and H.M.B.. The Board collected release forms from property owners for the H.M.B. survey crew to enter their property for the purpose of determining the routes of future trunk sewer lines.

Motion to adjourn. Motion carried.

Approved:

Chairman Allan Alsip: 

Treasurer Denis King: 

Secretary Joy Peach: 

ANSWER NO. 4a

ATTACHMENT

FARMDALE SANITATION DISTRICT
FARMERS BANK AND CAPITAL TRUST CO
STATEMENT OF ACCOUNT
JANUARY 31, 2017

Telephone: 502-227-1600

Date 01/31/2017 Page 1
 Account Number XXXXXX0578

FARMDALE SANITATION DISTRICT
 315 W MAIN ST
 FRANKFORT KY 40601-1872



Business Builder ACCOUNT XXXXXX0578			
Beginning Balance	0 Deposits/Credits	0 Withdrawals/Debits	Ending Balance
\$83,399.14	+ \$0.00	- \$0.00	\$83,399.14

Date	DAILY TRANSACTIONS	Amount	Balance
12/30/16	BALANCE LAST STATEMENT		83,399.14
01/31/17	BALANCE THIS STATEMENT		83,399.14

Minimum Balance 83,399.14
 Avg Available Balance 83,399.14
 Average Balance 83,399.14

DAILY BALANCE

Date	Balance
12/30/16	83,399.14

INTEREST

Average Ledger Balance	.00	Interest Earned	.00
Interest Paid This Period	.00	Days In Period	
		Annual Percentage Yield Earned	.00%

OVERDRAFT AND RETURNED ITEM FEES

	Total For This Period	Total Year-to-Date	Previous Year Total
Total Overdraft Fees	\$0.00	\$0.00	\$0.00
Total Returned Item Fees	\$0.00	\$0.00	\$0.00

IT IS YOUR DUTY TO CAREFULLY EXAMINE THE STATEMENT AND REPORT TO US, WITHIN 30 DAYS FROM WHEN THE STATEMENT IS FIRST SENT OR MADE AVAILABLE TO YOU, ANY ERROR, FORGERIES, ALTERATIONS, OR DISCREPANCIES THEREIN. IF NO REPORT IS MADE WITHIN 30 DAYS, YOU AGREE TO ACCEPT THE STATED BALANCE AS CORRECT AND TO ASSUME RESPONSIBILITY FOR, AND HOLD US HARMLESS BY REASON OF THE PAYMENT OF ANY ITEM REPORTED ON THE STATEMENT, AND RELEASE US FROM ALL LIABILITY THEREFORE.



THIS FORM IS PROVIDED TO HELP YOU
BALANCE YOUR BANK STATEMENT.

CHECKS OUTSTANDING - NOT CHARGED TO ACCOUNT

No.	\$	
Total	\$	

(COPY ON LINE 4)

DATE _____ 20_____

BANK BALANCE SHOWN ON THIS STATEMENT \$ _____ (1)

ADD + DEPOSITS NOT CREDITED IN THIS STATEMENT (IF ANY) \$ _____ (2)

TOTAL \$ _____ (3)

SUBTRACT - CHECKS OUTSTANDING _____ (4)

BALANCE \$ _____

DEDUCT SERVICE CHARGE (IF ANY) FROM CHECK BOOK BALANCE. THE RESULT SHOULD EQUAL THE RECONCILED STATEMENT BALANCE SHOWN ABOVE.

IMPORTANT INFORMATION
(Applies only to credit accounts.)

FINANCE CHARGES begin to accrue immediately whenever a loan is made to you. There is no period during which a FINANCE CHARGE would not accrue. FINANCE CHARGES are computed by multiplying the average daily balance during the billing cycle times the number of days in the billing cycle and then applying the daily periodic rate to the product. The daily periodic rate is equivalent to the ANNUAL PERCENTAGE RATE.

The average daily balance is computed by taking the beginning balance of your account each day and adding any new advances and subtracting any payments or credits and any unpaid FINANCE CHARGES. If you have a variable rate account, the daily periodic rate is subject to change. The average daily balance is the sum of all daily balances during the billing period divided by the number of days in the billing period.

BILLING RIGHTS SUMMARY
(Applies only to credit accounts.)

In case of errors or questions about your bill, please contact us by calling 502-227-1600 or writing us at: PO Box 309, Frankfort KY 40602-0309.

If you think your bill is wrong or if you need more information about a transaction on your bill, write us on a separate sheet at the address shown on the front of your bill as soon as possible. We must hear from you no later than 60 days after we sent you the first bill on which the error or problem appeared. You may telephone us, but doing so will not preserve your rights.

In your letter, give us the following information:

- Your name and account number
- The dollar amount of the suspected error
- Describe the error and explain, if you can, why you believe there is an error. If you need more information, describe the item you are unsure about.

You do not have to pay any amount in question while we are investigating, but you are still obligated to pay the parts on your bill that are not in question. While we investigate the question we cannot report you as delinquent or take any action to collect the amount in question.

IN CASE OF ERRORS OR QUESTIONS ABOUT YOUR ELECTRONIC TRANSFERS
(APPLIES TO CONSUMER ACCOUNTS ONLY)

Telephone 502-227-1600 or write us at: PO Box 309, Frankfort KY 40602-0309 as soon as you can, if you think your statement or receipt is wrong or if you need more information about a transfer on the statement or receipt. We must hear from you no later than 60 days after we sent you the FIRST statement on which the error or problem appeared.

- Tell us your name and account number (if any)
- Describe the error or the transfer you are unsure about and explain, as clearly as you can, why you believe it is an error or why you need more information
- Tell us the dollar amount of the suspected error

We will investigate your complaint and will correct any error promptly. If we take more than 10 business days to do this, we will re-credit your account for the amount you think is in error, so that you will have use of the money during the time it takes us to complete our investigation.

PREAUTHORIZED DEPOSITS

If you are the recipient of preauthorized deposits, you may contact us at 502-227-1600 during normal business hours to confirm receipt of your deposit.