CASE NUMBER:

99-315
IN THE MATTER OF THE ALTERNATIVE RATE FILING OF GILBERT CONSTRUCTION SERVICES, INC. D/B/A GRAHAM ESTATE SUBDIVISION

<table>
<thead>
<tr>
<th>SEQ</th>
<th>ENTRY</th>
</tr>
</thead>
<tbody>
<tr>
<td>0001</td>
<td>07/26/1999 Application.</td>
</tr>
<tr>
<td>0002</td>
<td>07/29/1999 Acknowledgement letter.</td>
</tr>
<tr>
<td>0003</td>
<td>08/13/1999 Order granting deviation from the requirements of 807 KAR 5:076, Section 1</td>
</tr>
<tr>
<td>0004</td>
<td>08/13/1999 Def. letter, info due 8/28</td>
</tr>
<tr>
<td>M0001</td>
<td>09/23/1999 BYRAN REYNOLDS GILBERT CONSTRUCTION-COPIES OF NOTICES SENT TO RESIDENTS OF GRAHAM ESTATES &amp;</td>
</tr>
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<td>0005</td>
<td>09/27/1999 Letter to Robert Gilbert advising that case cannot be processed until def. cured</td>
</tr>
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</tr>
<tr>
<td>M0002</td>
<td>11/22/1999 BRYAN REYNOLDS GRAHAM ESTATES-MOTION FOR ENLARGEMENT OF TIME TO RESPOND</td>
</tr>
<tr>
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<td>12/06/1999 Order granting motion for 20-day extension of time to respond to 10/27 Order</td>
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<tr>
<td>0009</td>
<td>01/25/2000 Order issuing Staff Report; comments or request for hearing due 2/4</td>
</tr>
<tr>
<td>M0003</td>
<td>02/01/2000 BRYAN REYNOLDS GILBERT CONSTRUCTION-REQUEST FOR INFORMAL CONFERENCE</td>
</tr>
<tr>
<td>0010</td>
<td>02/16/2000 Order scheduling 2/29 informal conference</td>
</tr>
<tr>
<td>M0004</td>
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<tr>
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<td>02/29/2000 Order rescheduling 2/29 informal conference to 3/7</td>
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<tr>
<td>M0005</td>
<td>03/07/2000 BRYAN REYNOLDS GILBERT CONSTRUCTION-NOTICE OF FILING OF ADDITIONAL EXHIBITS</td>
</tr>
<tr>
<td>0013</td>
<td>05/25/2000 Final Order approving rates in Appendix.</td>
</tr>
</tbody>
</table>

*all is here except what's circled*

*needs them to complete file.*
August 3, 2000

Mr. Robert E. Gilbert
President
Gilbert Construction Services, Inc.
P.O. Box 442
2215 Dickey Drive
Owensboro, Kentucky 42301


Dear Mr. Gilbert:

The Commission entered the enclosed Final Order in these cases on May 25, 2000. The Commission ordered that within 30 days of the date of those Orders, Gilbert Construction shall file with the Commission its revised tariff setting out the approved rates. Our records indicate that you have not made this filing, and, on July 10, 2000, we mailed you a first reminder letter requesting this filing within 15 days. To date we still have not received this filing. Enclosed are the necessary tariff sheets. Please sign and return them to the Commission.

You must make this filing not later than 10 days from the date of this letter. Please submit this filing, referencing Case Nos. 1999-314 and 1999-315, to Martin J. Huelsmann, Executive Director, Public Service Commission, 211 Sower Blvd., Post Office Box 615, Frankfort, Kentucky 40602.

If you do not timely make this filing, you will cause the Commission to take all appropriate legal remedies against you. If you have any questions concerning this filing, please contact Jess Helton, of the Filings Division, at 502-564-3940, extension 278.

Sincerely,

Stephanie Bell
Secretary of the Commission

Enclosure
CC: Bryan R. Reynolds
Mr. Robert E. Gilbert  
President  
Gilbert Construction Services, Inc.  
P.O. Box 442  
2215 Dickey Drive  
Owensboro, Kentucky 42301

Re: Case No. 1999-314 & 1999-315  
First Reminder Letter

Dear Mr. Gilbert:

The Commission entered the enclosed Final Order in this case on May 25, 2000. The Commission ordered that within 30 days of the date of this Order, Gilbert Construction shall file with the Commission its revised tariff setting out the approved rates. Enclosed are the necessary tariff sheets. Please sign them and return to Martin J. Huelsmann, Executive Director, Public Service Commission, 211 Sower Blvd., Post Office Box 615, Frankfort, Kentucky 40602. Please make this filing referencing the case numbers 1999-314 and 1999-315, not later than 15 days from the date of this letter.

If you have questions concerning this letter, please contact Jess Helton, of the Filings Division, at 502-564-3940, extension 278.

Sincerely,

Stephanie Bell  
Secretary of the Commission

Enclosures  
CC: Bryan R. Reynolds
IN THE MATTER OF THE ALTERNATIVE RATE FILING OF GILBERT CONSTRUCTION SERVICES, INC. D/B/A GRAHAM ESTATE SUBDIVISION

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</tr>
<tr>
<td>0013</td>
<td>05/25/2000</td>
<td>Final Order approving rates in Appendix.</td>
</tr>
</tbody>
</table>
CERTIFICATE OF SERVICE

RE: Case No. 1999-315
GILBERT CONSTRUCTION SERVICES, INC. GRAHAM ESTATES SUBDIVISION

I, Stephanie Bell, Secretary of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission’s Order in the above case was served upon the following by U.S. Mail on May 25, 2000.

Parties of Record:

Robert E. Gilbert
President
Gilbert Construction Services, Inc.
Graham Estates Subdivision
P. O. Box 442
2215 Dickey Drive
Owensboro, KY. 42301

Honorable Bryan R. Reynolds
Attorney for Gilbert Construction
Sullivan, Mountjoy, Stainback & Miller, PSC
100 St. Ann Building
P.O. Box 727
Owensboro, KY. 42302 0727

[Signature]
Secretary of the Commission

SB/hv
Enclosure
In the Matter of:

THE APPLICATION OF GILBERT CONSTRUCTION d/b/a GRAHAM ESTATES FOR A RATE ADJUSTMENT PURSUANT TO THE ALTERNATIVE RATE FILING PROCEDURE FOR SMALL UTILITIES)

CASE NO. 99-315

ORDER

On September 23, 1999, Gilbert Construction d/b/a Graham Estates ("Graham Estates") filed an application for Commission approval to increase its monthly flat rate of $15.80 to $24.10, for an increase of 52.53 percent. The proposed rates would generate additional annual revenues of $4,679, an increase of 52.51 percent above normalized operating revenues.

By Order dated January 25, 2000, the Commission issued a Staff Report that was prepared upon review of Graham Estates' test-year operations. Staff's report recommended that Graham Estates' current rate be increased by $2.15 to $17.95, or 13.61 percent. The Order directed all parties to file comments on the Staff Report or request a hearing or informal conference within 10 days of the date of the Order or the case would stand submitted. The Commission received a request for an informal conference from Graham Estates on February 1, 2000.

A teleconference was held on March 7, 2000, to discuss the application and the Staff Report. During the conference matters not previously brought to Staff's attention arose. It was agreed that Graham Estates would file additional information subsequent to the conference. After reviewing the additional information an Amended Staff Report
was issued by Commission Order dated April 28, 2000. The amended report recommended the Commission approve a monthly rate of $17.49. The issuing Order granted 10 days to file written comments regarding the Amended Staff Report or requests for a hearing or informal conference. No such comments or requests have been received.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that:

1. The recommendations and findings contained in the Amended Staff Report are supported by the evidence of record, are reasonable, and should be adopted as the findings of the Commission.

2. The rates set forth in Appendix A will produce annual revenue from sewer service of $9,861 and should be approved as the fair, just, and reasonable rates for Graham Estates.

IT IS THEREFORE ORDERED that:

1. The findings contained in the Amended Staff Report are adopted and incorporated by reference into this Order as if fully set out herein.

2. The rates set forth in Appendix A are approved for service rendered by Graham Estates on and after the date of this Order.

3. The rates proposed by Graham Estates are denied.

4. Within 30 days of the date of this Order, Graham Estates shall file with the Commission its revised tariff setting out the rates approved herein.
Done at Frankfort, Kentucky, this 25th day of May, 2000.

By the Commission

ATTEST:

[Signature]
Executive Director
APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 99-315 DATED MAY 25, 2000

The following rates and charges are prescribed for the customers in the area served by Gilbert Construction d/b/a Graham Estates. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Flat Monthly Sewer Rate $17.49
Robert E. Gilbert  
President  
Gilbert Construction Services, Inc.  
Graham Estates Subdivision  
P. O. Box 442  
2215 Dickey Drive  
Owensboro, KY. 42301  

Honorable Bryan R. Reynolds  
Attorney for Gilbert Construction  
Sullivan, Mountjoy, Stainback & Miller, PSC  
100 St. Ann Building  
P.O. Box 727  
Owensboro, KY. 42302 0727  

RE: Case No. 1999-315  

We enclose one attested copy of the Commission’s Order in the above case.  

Sincerely,  
Stephanie Bell  
Secretary of the Commission  

SB/hv  
Enclosure
COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF GILBERT CONSTRUCTION )
d/b/a GRAHAM ESTATES FOR A RATE ) CASE NO.
ADJUSTMENT PURSUANT TO THE ALTERNATIVE ) 99-315
RATE PROCEDURE FOR SMALL UTILITIES )

ORDER

On September 23, 1999, Gilbert Construction Services, Inc. d/b/a Graham Estates ("Graham Estates") filed its application for Commission approval of proposed sewer rates. Commission Staff, having performed a limited financial review of Graham Estates' operations, prepared a Staff Report that was issued by Commission Order dated January 25, 2000. A teleconference was held on March 7, 2000, to discuss the application and the Staff Report. During the conference matters arose that had not been previously brought to Staff's attention. As a result of the conference and after review of the information filed subsequent thereto, Staff has prepared the attached Amended Staff Report. All parties should review the report carefully and provide any written comments or requests for a hearing or informal conference no later than 10 days from the date of this Order.

IT IS THEREFORE ORDERED that all parties shall have no more than 10 days from the date of this Order to provide written comments regarding the attached Staff Report or requests for hearing or informal conference. If no request for a hearing or informal conference is received, this case will be submitted to the Commission for a decision.
Done at Frankfort, Kentucky, this 28th day of April, 2000.

By the Commission

ATTEST:

Executive Director
AMENDED STAFF REPORT
ON
GILBERT CONSTRUCTION d/b/a GRAHAM ESTATES
CASE NO. 99-315

On September 23, 1999, Gilbert Construction d/b/a Graham Estates ("Graham Estates") filed its application seeking to increase its sewer rates pursuant to 807 KAR 5:076, the Alternative Rate Adjustment Procedure for Small Utilities. Staff expressed its recommendations with regard to Graham Estates' application in a Staff Report issued on January 25, 2000. To discuss the application and the Staff Report a teleconference was held on March 7, 2000. During the conference Graham Estates presented arguments against various aspects of the Staff Report. It was agreed that Graham Estates would submit additional information pursuant to the conference.

After considering the arguments made at the conference and the information filed subsequent thereto, Staff hereby amends its original report and recommends that the rate approved in this case be a monthly flat rate of $17.49 per customer. Attachment A of this report details the additional adjustments to Staff's recommended pro forma operating income statement. Attachment B details the calculation of Staff's amended revenue requirement and recommended rate.
Signatures

Prepared by: Jack Scott Lawless, CPA
Financial Analyst, Water and Sewer
Revenue Requirements Branch
Division of Financial Analysis

Prepared by: Sam Reid
Rate Analyst, Communications, Water,
and Sewer Rate Design Branch
Division of Financial Analysis
<table>
<thead>
<tr>
<th>Description</th>
<th>Pro forma Present Rate</th>
<th>Pro forma Present Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present Rate Operations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operations per Staff Report of Jan. 25, 2000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjustment Ref. Staff Report</td>
<td></td>
<td></td>
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</tbody>
</table>

### Operating Revenues

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenues</td>
<td>8,911</td>
<td>8,911</td>
</tr>
</tbody>
</table>

### Operating Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract labor - C.G. Williams, Inc.</td>
<td>525</td>
<td>295</td>
</tr>
<tr>
<td>Operating contract</td>
<td>1,556</td>
<td>1,556</td>
</tr>
<tr>
<td>Purchased power</td>
<td>2,275</td>
<td>2,275</td>
</tr>
<tr>
<td>Baird plumbing and heating</td>
<td>752</td>
<td>752</td>
</tr>
<tr>
<td>Owner manager fee</td>
<td>3,600</td>
<td>3,600</td>
</tr>
<tr>
<td>Legal and professional expenses</td>
<td>200</td>
<td>-</td>
</tr>
<tr>
<td>KPDES permit fee</td>
<td></td>
<td>200</td>
</tr>
</tbody>
</table>

### Total Operating Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Operating Expenses</td>
<td>8,908</td>
<td>8,678</td>
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</tbody>
</table>

### Net Operating Income

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Operating Income</td>
<td>3</td>
<td>233</td>
</tr>
</tbody>
</table>
A) **Contract Labor - C.G. Williams, Inc.** During the informal conference, Graham Estates expressed concern that services provided by C.G. Williams had drastically increased since the test year. Services provided by C.G. Williams include sludge pumping and hauling and cleaning of the clarifier, chlorine contact chamber, and lift station.

It is common for maintenance costs of small sewer utilities such as Graham Estates to fluctuate from year to year. This is primarily due to the amount of time it takes for undigested sludge to accumulate to the point that pumping and hauling is required. To normalize these expenses in past cases the Commission has set the pro forma amount equal to the average annual expense of recent years. Staff recommends utilizing this methodology in this case.

Graham Estates has provided invoices from C.G. Williams for the years 1997, 1998, and 1999 that total $525, $360, and $0, respectively. The three-year average is $295. Staff proposes to decrease the C.G. Williams account by $230 to reflect the average annual payment.

B) **Legal and Professional Fees.** Just prior to the teleconference Gilbert Construction submitted detailed legal invoices for 1998 that totaled $2,991. They proposed to include a portion of the legal fees in the pro forma operations of Graham Estates. The table below summarizes the amount and nature of the fees.

<table>
<thead>
<tr>
<th>Division of Water</th>
<th>1,361</th>
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<tbody>
<tr>
<td>Transfer</td>
<td>1,029</td>
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<tr>
<td>Rate Case</td>
<td>519</td>
</tr>
<tr>
<td>Line Break</td>
<td>50</td>
</tr>
<tr>
<td>Personal</td>
<td>32</td>
</tr>
</tbody>
</table>
During 1998 Gilbert Construction was billed $1,361 for legal services rendered during settlement with the Division of Water ("DOW") in case numbers 23670-098 and 23671-098. As a part of those cases Gilbert agreed to file a rate application with this Commission and transfer ownership of Graham Estates' assets to either the Regional Water Resources Agency or The Summit Country Club, Inc. During 1998 Gilbert incurred legal fees of $1,029 and $519 for the asset transfer and the rate case filing, respectively.

The Commission should not allow recovery of penalties, interest, or costs related to judgements or settlements with the Division of Water resulting from utility noncompliance with state statutes or regulations. All costs should be borne by the stockholders of the utility.

It is Staff's opinion that legal fees for the transfer of assets should not be passed through to the customers of Graham Estates. Robert E. Gilbert, Sr. was ordered by the DOW to transfer the assets of Graham Estates for $1. Mr. Gilbert is personally responsible for the transfer of assets, not Graham Estates' customers. Normally, when a transfer occurs the only related costs recoverable through rates is an acquisition adjustment which is recorded by the purchaser after the transfer is made. An acquisition adjustment is recoverable only if it is proven that the customers benefited from the transfer and a value can be reasonably assigned to that benefit. As of the date of this report Graham Estates has neither transferred its assets nor filed an application with this Commission to do so.
ATTACHMENT A
AMENDED STAFF REPORT CASE NO. 99-315
STAFF’S RECOMMENDED OPERATIONS

Legal fees for the rate case filing were unnecessary. Commission Staff routinely assists utilities with the preparation and filing of rate applications pursuant to 807 KAR 5:076. In fact, Staff assisted Graham Estates with this filing. Graham Estates will not require legal representation in this proceeding unless it makes a formal appearance before the Commission. Mr. Gilbert is compensated to address administrative duties such as rate filings through the owner manager fee.

Staff recommends that all legal fees resulting from the DOW settlement, including the transfer and rate case expenses, be denied.

Gilbert incurred $50 in legal fees resulting from a main break of Wright Acres, a separate sewer treatment plant operation. None of this cost is allocable to Graham Estates.

Of the 1998 legal fees $32 was for personal consultation to Mr. Gilbert. Staff recommends that this amount be denied.
<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Expenses</td>
<td>8,678</td>
</tr>
<tr>
<td>Divide by: 88 percent</td>
<td>88%</td>
</tr>
<tr>
<td>Required Revenue</td>
<td>9,861</td>
</tr>
<tr>
<td>Divide by: Number of Customers</td>
<td>47</td>
</tr>
<tr>
<td>12 Months</td>
<td>12</td>
</tr>
<tr>
<td>Amended rate recommended by Staff</td>
<td>17.49</td>
</tr>
</tbody>
</table>
COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF GILBERT CONSTRUCTION  
d/b/a GRAHAM ESTATES FOR A RATE ADJUSTMENT) CASE NO. 99-315
PURSUANT TO THE ALTERNATIVE RATE FILING  
PROCEDURE FOR SMALL UTILITIES

NOTICE OF FILING OF ADDITIONAL EXHIBITS

 Comes now the Applicant and provides the attached exhibits to support its rate application. Applicant submits legal expenses for 1998 rather than for 1997 as previously requested because 1998 fees are more representative. Applicant respectfully requests that all legal fee information be kept confidential for all purposes.

Respectfully submitted this the 3rd day of March, 2000.

Sullivan, Mountjoy, Stainback & Miller, PSC

By:
Bryan R. Reynolds
100  St. Ann Building, P.O. Box 727
Owensboro, KY 42302-0727
(270) 926-4000

Attorney for Gilbert Construction Services, Inc.
December 31, 1998

Billed through 12/31/98

Invoice Number 32044-00000-021 BR

Robert E. Gilbert, Sr.
2215 Dickey Road
Owensboro, Kentucky 42301

Professional Services Rendered

Balance forward as of Invoice # 020 dated 11/30/98 $ 2,616.69

OUT-OF-POCKET EXPENSES

12/31/98 Long distance telephone calls Through Billing Date. $ .22

Total Out-Of-Pocket for this matter $ .22

BILLING SUMMARY

TOTAL OUT-OF-POCKET EXPENSES $ .22

TOTAL CHARGES FOR THIS BILL $ .22

NET BALANCE FORWARD $ 2,616.69

TOTAL BALANCE NOW DUE $ 2,616.91

TRUST ACCOUNT BALANCE $ .00
Professional Services Rendered
Balance forward as of Invoice # 019 dated 10/31/98 $ 2,584.48

FOR PROFESSIONAL SERVICES RENDERED
11/14/98 BR Draft memo to W. Overcash regarding progress on transfer of facilities. .30 hrs 105 /hr 31.50
Total fees for this matter $ 31.50

OUT-OF-POCKET EXPENSES
11/30/98 Long distance telephone calls Through Billing Date. .71
Total Out-Of-Pocket for this matter $ .71

BILLING SUMMARY
Bryan Reynolds .30 hrs 105 /hr 31.50
TOTAL FEES .30 hrs $ 31.50
TOTAL OUT-OF-POCKET EXPENSES $ .71
TOTAL CHARGES FOR THIS BILL $ 32.21
NET BALANCE FORWARD $ 2,584.48
TOTAL BALANCE NOW DUE $ 2,616.69
TRUST ACCOUNT BALANCE $ .00
Robert E. Gilbert, Sr.
2215 Dickey Road
Owensboro, Kentucky 42301

Professional Services Rendered
Balance forward as of Invoice # 018 dated 09/30/98 $2,580.50

OUT-OF-POCKET EXPENSES
10/31/98 Long distance telephone calls Through Billing Date. $3.98

Total Out-Of-Pocket for this matter $3.98

BILLING SUMMARY

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL OUT-OF-POCKET EXPENSES</td>
<td>$3.98</td>
</tr>
<tr>
<td>TOTAL CHARGES FOR THIS BILL</td>
<td>$3.98</td>
</tr>
<tr>
<td>NET BALANCE FORWARD</td>
<td>$2,580.50</td>
</tr>
<tr>
<td>TOTAL BALANCE NOW DUE</td>
<td>$2,584.48</td>
</tr>
<tr>
<td>TRUST ACCOUNT BALANCE</td>
<td>$0.00</td>
</tr>
</tbody>
</table>
Sullivan, Mountjoy, Stainback, & Miller, P.S.C.
100 St. Ann Street
P. O. Box 727
Owensboro, KY 42302-0727
Tax ID# 61-0673590

September 30, 1998
Billed through 09/30/98

Invoice Number 32044-00000-018 BR

Robert E. Gilbert, Sr.
2215 Dickey Road
Owensboro, Kentucky 42301

Professional Services Rendered

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>Hours</th>
<th>Rate</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>09/10/98</td>
<td>Draft letter to Western Kentucky Gas regarding break in sewer line.</td>
<td>.50</td>
<td>100</td>
<td>50.00</td>
</tr>
<tr>
<td>09/10/98</td>
<td>Review email from W. Overcash regarding case status; conference with D. Hawes; draft response to Overcash.</td>
<td>1.10</td>
<td>100</td>
<td>110.00</td>
</tr>
<tr>
<td>09/21/98</td>
<td>Attend meeting of RWRA regarding Wright’s Acres and Graham lane hookups; draft memorandum to W. Overcash.</td>
<td>1.90</td>
<td>100</td>
<td>190.00</td>
</tr>
</tbody>
</table>

Total fees for this matter $ 350.00

BILLING SUMMARY

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>Hours</th>
<th>Rate</th>
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</table>

TOTAL CHARGES FOR THIS BILL $ 350.00

NET BALANCE FORWARD $ 2,230.50

TOTAL BALANCE NOW DUE $ 2,580.50

TRUST ACCOUNT BALANCE $ .00
Professional Services Rendered

Balance forward as of Invoice #016 dated 07/31/98 $2,072.02

OR PROFESSIONAL SERVICES RENDERED

8/04/98 BR Draft letter to Charles Kamuf regarding RWRA work; conference with D. Hawes. .50 hrs 105 /hr 52.50
8/06/98 BR Draft Power of Attorney for Bob Gilbert. .30 hrs 105 /hr 31.50
8/07/98 BR Conference with C. Kamuf regarding amendments to access agreement; conference with B. Gilbert regarding signing agreement. .50 hrs 105 /hr 52.50
8/27/98 BR Conference with Bob Gilbert regarding Wright's Acres issue; WKG letter. .20 hrs 105 /hr 21.00

Total fees for this matter $157.50

OUT-OF-POCKET EXPENSES

8/11/98 Fax received from Chas Kamuf to Bryan Reynolds. .30
8/31/98 Long distance telephone calls Through Billing Date. .68

Total Out-Of-Pocket for this matter $ .98

BILLING SUMMARY

Bryan Reynolds 1.50 hrs 105 /hr 157.50

TOTAL FEES 1.50 hrs $157.50
TOTAL OUT-OF-POCKET EXPENSES

TOTAL CHARGES FOR THIS BILL

$ 0.98

$ 158.48

NET BALANCE FORWARD

$ 2,072.02

$ 2,230.50

TOTAL BALANCE NOW DUE

TRUST ACCOUNT BALANCE $ 0.00
Sullivan, Muntz, Joy, Stainback, & Miller, P.S.C.
100 St. Ann Street
P. O. Box 727
Owensboro, KY 42302-0727
Tax ID# 61-0673590

July 31, 1998
Billed through 07/31/98

Invoice Number 32044-00000-016 BR

Robert E. Gilbert, Sr.
2215 Dickey Road
Owensboro, Kentucky 42301

Professional Services Rendered

Balance forward as of Invoice # 015 dated 06/30/98 $ 1,812.53

FOR PROFESSIONAL SERVICES RENDERED

7/10/98 BR conference at Summit regarding transfer of facilities; conference with Wendell Overcash.
2.00 hrs 105 /hr 210.00

7/27/98 BR Review draft agreement for access to Gilbert’s lines.
.40 hrs 105 /hr 42.00

Total fees for this matter $ 252.00

FOR OUT-OF-POCKET EXPENSES

7/31/98 Long distance telephone calls Through Billing Date.

Total Out-Of-Pocket for this matter $ 7.49

BILLING SUMMARY

Bryan Reynolds 2.40 hrs 105 /hr 252.00

TOTAL FEES 2.40 hrs $ 252.00

TOTAL OUT-OF-POCKET EXPENSES $ 7.49

TOTAL CHARGES FOR THIS BILL $ 259.49

NET BALANCE FORWARD $ 1,812.53

TOTAL BALANCE NOW DUE $ 2,072.02

TRUST ACCOUNT BALANCE $ .00

Please write the invoice number on your payment. Payments received after July 31, 1998 may not be reflected on this invoice.
Sullivan, Huntjoy, Stainback, & Miller, P.S.C.
100 St. Ann Street
P. O. Box 727
Owensboro, KY 42302-0727
Tax ID# 61-0673590

June 30, 1998

Billed through 06/30/98

Invoice Number 32044-00000-015 BR

Robert E. Gilbert, Sr.
2215 Dickey Road
Owensboro, Kentucky 42301

Professional Services Rendered

Balance forward as of Invoice # 014 dated 05/31/98 $ 1,682.50

FOR PROFESSIONAL SERVICES RENDERED

06/16/98 BR Conference with J. Wucher and W. Overcash
regarding rate making procedures for Gilbert
plants. .40 hrs 105 /hr 42.00

06/24/98 BR Conference with client regarding 7/18 inspection.
.20 hrs 105 /hr 21.00

06/30/98 BR Conference with client; conference with J.
McNalty regarding transfer; conference with D.
Hawes. .60 hrs 105 /hr 63.00

Total fees for this matter $ 126.00

OUT-OF-POCKET EXPENSES

06/30/98 Long distance telephone calls. Through Billing Date. 4.03

Total Out-Of-Pocket for this matter $ 4.03

BILLING SUMMARY

Bryan Reynolds 1.20 hrs 105 /hr 126.00

TOTAL FEES 1.20 hrs $ 126.00
TOTAL OUT-OF-POCKET EXPENSES $ 4.03
TOTAL CHARGES FOR THIS BILL $ 130.03
NET BALANCE FORWARD $ 1,682.50
TOTAL BALANCE NOW DUE $ 1,812.53
TRUST ACCOUNT BALANCE $ .00
Sullivan, Mountjoy, Stainback, & Miller, P.S.C.
100 St. Ann Street
P. O. Box 727
Owensboro, KY 42302-0727
Tax ID# 61-0673590

May 31, 1998
Billed through 05/31/98
Invoice Number 32044-00000-014 BR

Robert E. Gilbert, Sr.
2215 Dickey Road
Owensboro, Kentucky 42301

Professional Services Rendered
Balance forward as of Invoice # 012 dated 04/30/98 $ 1,503.81

FOR PROFESSIONAL SERVICES RENDERED

05/18/98 BR Conference with client regarding call from W. Overcash
.40 hrs 105/hr 42.00

05/19/98 BR Conference with W. Overcash regarding citizen complaint
.30 hrs 105/hr 31.50

05/19/98 BR Conference with J. McNulty of Summit; conference with D. Hawes
1.00 hrs 105/hr 105.00

Total fees for this matter
$ 178.50

OUT-OF-POCKET EXPENSES

05/31/98 Long distance telephone calls Through Billing Date.
.19

Total Out-Of-Pocket for this matter
$ .19

BILLING SUMMARY

Bryan Reynolds 1.70 hrs 105/hr 178.50

TOTAL FEES 1.70 hrs $ 178.50

TOTAL OUT-OF-POCKET EXPENSES $ .19

TOTAL CHARGES FOR THIS BILL $ 178.69

NET BALANCE FORWARD $ 1,503.81

TOTAL BALANCE NOW DUE $ 1,682.50

TRUST ACCOUNT BALANCE $ 0.00

Please write the invoice number on your payment.
Sullivan, Mountjoy, Stainback, & Miller, P.S.C.
100 St. Ann Street
P. O. Box 727
Owensboro, KY 42302-0727
Tax ID# 61-0673590

April 30, 1998
Billed through 04/30/98

Invoice Number 32044-00000-012 BR

Robert E. Gilbert, Sr.
2215 Dickey Road
Owensboro, Kentucky 42301

Professional Services Rendered

Balance forward as of Invoice # 011 dated 03/31/98 $ 1,029.04

FOR PROFESSIONAL SERVICES RENDERED

04/10/98 BR Review file for materials regarding rate filing for overall sewer utility (2.0) 2.00 hrs 105 /hr 210.00
04/13/98 BR Conference with Bob Gilbert regarding sewer utility rate filing (1.0) 1.00 hrs 105 /hr 105.00
04/14/98 BR Conference with PSC regarding short form rate filing .50 hrs 105 /hr 52.50
04/15/98 BR Draft letter to PSC regarding waiver of filing requirements for annual report 1.00 hrs 105 /hr 105.00

Total fees for this matter $ 472.50

OUT-OF-POCKET EXPENSES

04/30/98 Long distance telephone calls Through Billing Date. 2.27

Total Out-Of-Pocket for this matter $ 2.27

BILLING SUMMARY

Bryan Reynolds 4.50 hrs 105 /hr 472.50

TOTAL FEES 4.50 hrs $ 472.50
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Sullivan, Mountjoy, Stainback, & Miller, P.S.C.
100 St. Ann Street
P.O. Box 727
Owensboro, KY 42302-0727
Tax ID#: 61-067590

March 31, 1998
Billed through 03/31/98

Invoice Number 32044-00000-01 BR

Robert E. Gilbert, Sr.
2215 Dickey Road
Owensboro, Kentucky 42301

Professional Services Rendered
Balance forward as of Invoice # 010 dated 02/28/98 $ 878.58
FOR PROFESSIONAL SERVICES RENDERED

03/09/98 BR Final prehearing conference .40 hrs 105 /hr 42.00
03/11/98 BR Conference with Bob Gilbert regarding of claims; revise letter to W. Overcash; conference with W. Overcash .40 hrs 105 /hr 42.00
03/26/98 BR Conference with Bob Gilbert and Wendell Overcash regarding agreed order .60 hrs 105 /hr 63.00

Total fees for this matter
$ 147.00

OUT-OF-POCKET EXPENSES

03/31/98 Long distance telephone calls Through Billing Date. 3.46

Total Out-Of-Pocket for this matter
$ 3.46

BILLING SUMMARY

Bryan Reynolds 1.40 hrs 105 /hr 147.00
TOTAL FEES 1.40 hrs $ 147.00
TOTAL OUT-OF-POCKET EXPENSES $ 3.46
TOTAL CHARGES FOR THIS BILL $ 150.46
NET BALANCE FORWARD $ 878.58
TOTAL BALANCE NOW DUE $ 1,029.04

TRUST ACCOUNT BALANCE $ .00
Sullivan, Haytjoy, Stainback, & Mill P.S.C.
100 St. Ann Street
P. O. Box 727
Owensboro, KY 42302-0727
Tax ID# 61-0673590

February 28, 1998

Billed through 02/28/98

Invoice Number 32044-00000-010 BR

Robert E. Gilbert, Sr.
2215 Dickey Road
Owensboro, Kentucky 42301

Professional Services Rendered

Balance forward as of Invoice # 009 dated 01/31/98 $ 695.90
Payments received since last bill (last payment 02/13/98) $ 374.00

Net balance forward $ 321.90

FOR PROFESSIONAL SERVICES RENDERED

02/10/98 BR Conference with Wendell Overcash regarding draft agreed order .80 hrs 105 /hr 84.00
02/11/98 BR Review draft of agreed order 1.10 hrs 105 /hr 115.50
02/13/98 BR Draft prehearing memorandum 1.40 hrs 105 /hr 147.00
02/13/98 BR Conference with J. McNulty regarding transfer of facilities to Summit .40 hrs 105 /hr 42.00
02/16/98 BR Conference with Wendell Overcash regarding settlement (.4) .40 hrs 105 /hr 42.00
02/25/98 BR Conference with R. Gilbert regarding settlement offer .40 hrs 105 /hr 42.00
02/26/98 BR Conference with R. Gilbert regarding settlement offer; review file .80 hrs 105 /hr 84.00

Total fees for this matter $ 556.50

OUT-OF-POCKET EXPENSES

02/28/98 Long distance telephone calls Through Billing Date. .18

Total Out-Of-Pocket for this matter $ .18

BILLING SUMMARY

Bryan Reynolds 5.30 hrs 105 /hr $ 556.50

TOTAL FEES 5.30 hrs $ 556.50
TOTAL OUT-OF-POCKET EXPENSES $ .18

TOTAL CHARGES FOR THIS BILL $ 556.68

NFT BALANCE FORWARD $ 321.90

TOTAL BALANCE NOW DUE $ 878.58

TRUST ACCOUNT BALANCE $ .00
Sullivan, Mountjoy, Stainback, & Miller, P.S.C.
100 St. Ann Street
P. O. Box 727
Owensboro, KY  42302-0727
Tax ID# 61-0673590

January 31, 1998
Billed through 01/31/98

Invoice Number  32044-00000-009 BR

Robert E. Gilbert, Sr.
2215 Dickey Road
Owensboro, Kentucky  42301

Professional Services Rendered

Balance forward as of Invoice # 005 dated 12/31/97 $    756.06
Payments received since last bill (last payment 01/21/98) $    756.06

Net balance forward

$    .00

FOR PROFESSIONAL SERVICES RENDERED

01/05/98 BR Conference with Wendell Overcash regarding Wright's Landing .40 hrs  105 /hr  42.00
01/09/98 BR Teleconference with client regarding agreed orders(.3) .30 hrs  105 /hr  31.50
01/12/98 BR Conference with client regarding draft agreed order(1.0) 1.00 hrs  105 /hr  105.00
01/12/98 BR Draft letter to Wendell Overcash regarding draft agreed order; conference with client(1.1)
01/14/98 BR Conference with Wendell Overcash regarding status conference; conference with J. McNulty of summit regarding hookup of Wrights Acres 1.10 hrs  105 /hr  115.50
01/14/98, BR Conference with hearing officer Blanton regarding status .40 hrs  105 /hr  42.00
01/19/98 BR Telephone conference with J. McNulty regarding transfer of Wrights Acres facilities; review files .20 hrs  105 /hr  21.00
01/23/98 BR Telephone conference with J. McNulty regarding transfer of facilities to Summit; telephone conference with Bob Gilbert .80 hrs  105 /hr  84.00
01/28/98 BR Telephone conference with D. Hawes regarding transfer of system to Summit; telephone conference with John McNulty 1.00 hrs  105 /hr  105.00
01/29/98 BR Telephone conference with hearing officer Blanton regarding status; telephone conference with Wendell Overcash 1.00 hrs  105 /hr  105.00

Total fees for this matter $    693.00
OUT-OF-POCKET EXPENSES

01/31/98 Long distance telephone calls Through Billing Date. $ 2.90

Total Out-Of-Pocket for this matter $ 2.90

BILLING SUMMARY

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</table>
Robert E. Gilbert,
President
Gilbert Construction Services, Inc.
Graham Estates Subdivision
P. O. Box 442
2215 Dickey Drive
Owensboro, KY. 42301

Honorable Bryan R. Reynolds
Attorney for Gilbert Construction
Sullivan, Mountjoy, Stainback &
Miller, PSC
100 St. Ann Building
P.O. Box 727
Owensboro, KY. 42302 0727

RE: Case No. 1999-315

We enclose one attested copy of the Commission’s Order in
the above case.

Sincerely,

Stephanie Bell
Secretary of the Commission

SB/sa
Enclosure
COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matters of:

THE APPLICATION OF GILBERT CONSTRUCTION d/b/a WRIGHT ACRES FOR A RATE ADJUSTMENT PURSUANT TO THE ALTERNATIVE RATE FILING PROCEDURE FOR SMALL UTILITIES

AND

THE APPLICATION OF GILBERT CONSTRUCTION d/b/a GRAHAM ESTATES FOR A RATE ADJUSTMENT PURSUANT TO THE ALTERNATIVE RATE FILING PROCEDURE FOR SMALL UTILITIES

ORDER

The Commission, having considered the motions of Gilbert Construction, d/b/a Wright Acres, and Gilbert Construction, d/b/a Graham Estates, to reschedule the February 29, 2000 informal conference due to a conflict, and good cause having been shown, HEREBY ORDERS that:

1. The informal conference scheduled on February 29, 2000 at the Commission's offices is rescheduled to March 7, 2000, at 2:00 p.m., Eastern Standard Time, to be held telephonically.

2. The applicants shall file, no later than March 3, 2000, any documents that will be relied upon during the telephonic conference and that are not already filed in the record.
Done at Frankfort, Kentucky, this 29th day of February, 2000.

By the Commission

ATTEST:

[Signature]

Executive Director
COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF GILBERT CONSTRUCTION d/b/a GRAHAM ESTATES FOR A RATE ADJUSTMENT) CASE NO. 99-315
PURSUANT TO THE ALTERNATIVE RATE FILING )
PROCEDURE FOR SMALL UTILITIES )

MOTION FOR CONTINUANCE OF INFORMAL CONFERENCE

Comes now Gilbert Construction, d/b/a Wrights Acres, and Gilbert Construction, d/b/a Graham Estates, and moves the Commission to continue and reschedule the informal conference scheduled for February 29, 2000 at 1:30 p.m. EST, on the grounds that counsel for the Applicant has a prior commitment on that date.

WHEREFORE, the Applicant respectfully requests the Commission to reschedule the formal conference now scheduled for February 29, 2000 at 1:30 p.m. EST for a time during the month of March, after March 15, 2000.

Respectfully submitted this the 21st day of February, 2000.

Sullivan, Mountjoy, Stainback & Miller, PSC

By: Bryan A. Reynolds
100 St. Ann Building, P.O. Box 727
Owensboro, KY 42302-0727
(270) 926-4000

Attorney for Gilbert Construction Services, Inc.
Robert E. Gilbert,  
President  
Gilbert Construction Services, Inc.  
Graham Estates Subdivision  
P. O. Box 442  
2215 Dickey Drive  
Owensboro, KY. 42301

Honorable Bryan R. Reynolds  
Attorney for Gilbert Construction  
Sullivan, Mountjoy, Stainback & Miller, PSC  
100 St. Ann Building  
P.O. Box 727  
Owensboro, KY. 42302 0727

RE: Case No. 1999-315

We enclose one attested copy of the Commission's Order in the above case.

Sincerely,

Stephanie Bell  
Secretary of the Commission

SB/sa  
Enclosure
COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF GILBERT CONSTRUCTION, D/B/A WRIGHT ACRES SUBDIVISION FOR AN ADJUSTMENT OF RATES PURSUANT TO THE ALTERNATIVE RATE FILING PROCEDURE FOR SMALL UTILITIES

CASE NO. 99-314

And

THE APPLICATION OF GILBERT CONSTRUCTION, D/B/A GRAHAM ESTATES FOR AN ADJUSTMENT OF RATES PURSUANT TO THE ALTERNATIVE RATE FILING PROCEDURE FOR SMALL UTILITIES

CASE NO. 99-315

ORDER

The Commission, having considered the motions of Gilbert Construction d/b/a Wright Acres and Gilbert Construction d/b/a Graham Estates for informal conferences to discuss the Staff Reports, HEREBY ORDERS that an informal conference shall be held on Tuesday, February 29, 2000 at 1:30 p.m. EST in Conference Room 2 of the Commission's offices at 211 Sower Boulevard, Frankfort, Kentucky.

Done at Frankfort, Kentucky, this 16th day of February, 2000.

By the Commission

ATTEST:

[Signature]
Executive Director
COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF GILBERT CONSTRUCTION d/b/a GRAHAM ESTATES FOR A RATE ADJUSTMENT) CASE NO. 99-315
PURSUANT TO THE ALTERNATIVE RATE FILING )
PROCEDURE FOR SMALL UTILITIES )

REQUEST FOR INFORMAL CONFERENCE

Comes now Gilbert Construction Services, Inc., d/b/a Graham Estates (Graham Estates) and requests an informal conference regarding the Commission's Order in Case No. 99-315, In the Matter of: The Application of Gilbert Construction d/b/a Graham Estates for a Rate Adjustment Pursuant to the Alternative Rate Filing Procedure for Small Utilities.

Respectfully submitted this the 31st day of January, 2000.

Sullivan, Mountjoy, Stainback & Miller, PSC

By: ________________

Bryan R. Reynolds
106 St. Ann Building, P.O. Box 727
Owensboro, KY 42302-0727
(270) 926-4000

Attorney for Gilbert Construction Services, Inc.
January 25, 2000

Robert E. Gilbert,
President
Gilbert Construction Services, Inc.
Graham Estates Subdivision
P. O. Box 442
2215 Dickey Drive
Owensboro, KY. 42301

Honorable Bryan R. Reynolds
Attorney for Gilbert Construction
Sullivan, Mountjoy, Stainback &
Miller, PSC
100 St. Ann Building
P.O. Box 727
Owensboro, KY. 42302 0727

RE: Case No. 1999-315

We enclose one attested copy of the Commission’s Order in the above case.

Sincerely,

Stephanie Bell
Secretary of the Commission

SB/aa
Enclosure
COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF GILBERT CONSTRUCTION )
d/b/a GRAHAM ESTATES FOR A RATE ) CASE NO.
ADJUSTMENT PURSUANT TO THE ALTERNATIVE ) 99-315
RATE FILING PROCEDURE FOR SMALL UTILITIES )

ORDER

On September 23, 1999, Gilbert Construction Services, Inc. d/b/a Graham Estates ("Graham Estates") filed its application for Commission approval of proposed sewer rates. Commission Staff, having performed a limited financial review of Graham Estates' operations, has prepared the attached Staff Report containing Staff's findings and recommendations regarding the proposed rates. All parties should review the report carefully and provide any written comments or requests for a hearing or informal conference no later than 10 days from the date of this Order.

IT IS THEREFORE ORDERED that all parties shall have no more than 10 days from the date of this Order to provide written comments regarding the attached Staff Report or requests for hearing or informal conference. If no request for a hearing or informal conference is received, this case will be submitted to the Commission for a decision.

Done at Frankfort, Kentucky, this 25th day of January, 2000.

ATTEST: By the Commission

[Signature]
Executive Director
On September 23, 1999, Gilbert Construction d/b/a Graham Estates filed an application to adjust its sewer service rates pursuant to 807 KAR 5:076. 5:076 requires that a utility establish rates based on annual reports filed with the Commission for the three most recent years of operation. As of the date of this report Graham Estates had not filed those reports. The Commission accepted Graham Estates' application but ordered that the annual reports be filed no later than November 15, 1999. Staff recommends that the rates approved in this case become effective only after those reports have been properly completed and filed.

The test year used in the application was the calendar year ending December 31, 1997. In the absence of the annual reports, a test year income statement was compiled from invoices supplied by Graham Estates' vendors. Scott Lawless and John Williams of Commission Staff ("Staff") performed a limited financial review of Graham Estates' test year operations. To gather information a field inspection was performed and one written information request was issued. The scope of Staff's review was limited to obtaining information as to whether the test period operating revenues and expenses were representative of normal operations. Insignificant or immaterial discrepancies were not pursued and are not addressed herein.
Graham Estates' proposed operating income statement is shown on Attachment A of this report. Attachment B details Staff's recommended operating income statement and includes explanations for all adjustments.

Attachment C compares Graham Estates' and Staff's revenue requirement and rate calculations. Graham Estates proposed to increase its current monthly rate of $15.80 to $24.10. Staff recommends that the current rate be increased to $17.95.

Signatures

Jack Scott Lawless, CPA
Financial Analyst, Water and Sewer
Revenue Requirements Branch
Division of Financial Analysis

Sam Reid
Rate Analyst, Communications, Water, and Sewer Rate Design Branch
Division of Financial Analysis
<table>
<thead>
<tr>
<th>Operating Revenue ($15.80 current rate x 47 customers x 12 months)</th>
<th>Test Year</th>
<th>Adjustment</th>
<th>Pro forma Operations</th>
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<td>525</td>
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<td>1,556</td>
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<td>Purchased power</td>
<td>2,275</td>
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<td>Owner manager fee</td>
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<td>Total Operating Expenses</td>
<td>10,055</td>
<td>(1,147) 8,908</td>
</tr>
<tr>
<td>Net Operating Income</td>
<td>(1,144)</td>
<td>1,147</td>
</tr>
</tbody>
</table>
ATTACHMENT B  
STAFF REPORT CASE NO. 99-315  
STAFF'S RECOMMENDED OPERATIONS

(A) Contract Labor. During the test year $525 was paid to C.G. Williams for cleaning the chlorine contact chamber and sludge pumping. Graham Estates proposed to increase that amount to $1,320 to reflect a monthly payment of $110 to C.G. Williams for pumping sludge from the contact and aeration chambers.

Through an information request issued on October 27, 1999, Staff requested that a detailed basis for this adjustment be provided. Graham Estates responded on December 6, 1999, by simply stating that one monthly service trip was now required for this maintenance at a cost of $110 per trip. Graham Estates provided no evidence that these services were required and being performed or that the charge for such service was reasonable. Therefore, Staff recommends that this adjustment be denied.

(B) Baird Plumbing and Heating. In compiling the test year income statement, payments made to Baird Plumbing and Heating were allocated to Graham Estates in the amount of $2,099. The total amount paid to Baird by Gilbert Construction on behalf of its two sewer operations was $6,878. The allocation was based on the number of customers served by each of Gilbert Construction's sewer operations. This allocation procedure was necessary because detailed invoices were not maintained so that direct allocations could be made.

During Staff's review it was discovered that the total payments of $6,878 represented amounts paid to Baird from 1994 to 1998. Staff has adjusted the test year expense to reflect payments made during 1997 only. The adjustment was calculated as follows:
ATTACHMENT B
STAFF REPORT CASE NO. 99-315
STAFF’S RECOMMENDED OPERATIONS

Total Paid in 1997 per Invoice Summary $2,465.41
Times: 30.5 percent (47 Graham Estates customers divided by 154 Total Gilbert Construction Customers) 30.50%

Amount allocated to Graham Estates 752.00
Less: Test year (2,099.00)

Adjustment – Decrease $(1,347.00)

(C) Legal and Professional Services. Graham Estates proposed to increase test year expenses by $909 to include legal fees. Staff requested detailed support for this adjustment in its information request. In response, Graham Estate submitted a 1998 invoice summary sheet billed to Robert E. Gilbert, owner of Graham Estates, by his attorney. The invoice summary totaled $2,616.91. In the response Gilbert’s attorney stated that $909 of the total was related to Graham Estates.

The invoice summary provides no detailed information regarding the nature of the legal services provided. In the absence of such information, Staff is not able to determine the reasonableness of the charges and therefore recommends that they be denied.

(D) KPDES Permit Fee. Graham Estates proposed to increase test year expenses by $200 to reflect the five-year amortization of its KPDES permit. Graham Estates provided a copy of its current permit that expires July 31, 2000. The amount paid for the permit was not included in the response. Staff contacted the Division of Water and found that the current permit was $1,000. Therefore, Staff agrees that test year expenses should be increased by $200 ($1,000 / 5 years).
### ATTACHMENT C
#### STAFF REPORT CASE NO. 99-315
#### COMPARISON OF REVENUE REQUIREMENT AND RATE CALCULATIONS

<table>
<thead>
<tr>
<th></th>
<th>Recommended By Staff</th>
<th>Requested By Graham Estates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Expenses</td>
<td>8,908</td>
<td>11,959</td>
</tr>
<tr>
<td>Divide by: 88 percent</td>
<td>88%</td>
<td>88%</td>
</tr>
<tr>
<td>Required Revenue</td>
<td>10,123</td>
<td>13,590</td>
</tr>
<tr>
<td>Divide by: Number of customers 12 months</td>
<td>47</td>
<td>47</td>
</tr>
<tr>
<td>Recommended Rate</td>
<td>17.95</td>
<td>24.10</td>
</tr>
</tbody>
</table>
CASE

NUMBER:

99-315
Robert E. Gilbert,
President
Gilbert Construction Services, Inc.
Graham Estates Subdivision
P. O. Box 442
2215 Dickey Drive
Owensboro, KY. 42301

Honorable Bryan R. Reynolds
Attorney for Gilbert Construction
Sullivan, Mountjoy, Stainback &
Miller, PSC
100 St. Ann Building
P.O. Box 727
Owensboro, KY. 42302 0727

RE: Case No. 1999-315

We enclose one attested copy of the Commission’s Order in
the above case.

Sincerely,

Stephanie J. Bell
Secretary of the Commission

SB/tw
Enclosure
COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF GILBERT CONSTRUCTION, D/B/A WRIGHT ACRES SUBDIVISION FOR AN ADJUSTMENT OF RATES PURSUANT TO THE ALTERNATIVE RATE FILING PROCEDURE FOR SMALL UTILITIES CASE NO. 99-314

and

THE APPLICATION OF GILBERT CONSTRUCTION, D/B/A GRAHAM ESTATES FOR AN ADJUSTMENT OF RATES PURSUANT TO THE ALTERNATIVE RATE FILING PROCEDURE FOR SMALL UTILITIES CASE NO. 99-315

ORDER

Motions having been made for a 20-day extension of time in which to respond to the Commission's October 27, 1999 Orders in the above-named proceedings and the Commission finding good cause, IT IS HEREBY ORDERED that the motions are granted.

Done at Frankfort, Kentucky, this 6th day of December, 1999.

By the Commission

ATTEST:

Executive Director
COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF GILBERT CONSTRUCTION
d/b/a GRAHAM ESTATES FOR A RATE
ADJUSTMENT PURSUANT TO THE ALTERNATIVE
RATE FILING PROCEDURE FOR SMALL UTILITIES

CASE NO. 99-315

MOTION FOR ENLARGEMENT OF TIME TO RESPOND

Comes now Gilbert Construction d/b/a Graham Estates and moves the Commission for an order allowing 20 additional days for the preparation of response to the Commission’s Order dated October 27, 1999. Grounds for this motion are that a complete response to the information request will require additional time.

Gilbert has been diligently attempting to compile the requested data, but is dependent on outside parties to respond to his requests.

WHEREFORE, Movant respectfully moves the Commission for an order granting it an extension of time until and including December 3, 1999 to comply with the Commission’s Order of October 27, 1998 and for other appropriate relief.

Respectfully submitted this the 18th day of November, 1999.

Sullivan, Mountjoy, Stainback & Miller, PSC

By:

Bryan R. Reynolds
100 St. Ann Building, P.O. Box 727
Owensboro, KY 42302-0727
(270) 926-4000

Attorney for Gilbert Construction
Robert E. Gilbert,
President
Gilbert Construction Services, Inc.
Graham Estates Subdivision
P. O. Box 442
2215 Dickey Drive
Owensboro, KY. 42301

RE: Case No. 99-315

We enclose one attested copy of the Commission’s Order in
the above case.

Sincerely,

Stephanie Bell
Secretary of the Commission

SB/sa
Enclosure
COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF GILBERT CONSTRUCTION )
d/b/a GRAHAM ESTATES FOR A RATE ) CASE NO. 99-315
ADJUSTMENT PURSUANT TO THE ALTERNATIVE )
RATE FILING PROCEDURE FOR SMALL UTILITIES )

O R D E R

IT IS ORDERED that Gilbert Construction Services, Inc. d/b/a Graham Estates ("Graham Estates") shall file with the Commission the original and 6 copies of the following information, with a copy to all parties of record. Each copy of the data 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 that it is legible. The information requested herein is due within 20 days of the date of this Order.

1. Attachment A of the application includes contract labor of $1,320 and legal and professional fees of $909. Provide the basis for these charges. Your response should include a complete and detailed description of all services provided, the vendor rate charged for each service, detailed invoices, and all related contracts.

2. Is C.G. Williams related to or involved with Graham Estates in any capacity other than that discussed in Item 1 above? If so, explain in full detail.
3. Provide a copy of Graham Estates' current KPDES permit and proof of payment.

Done at Frankfort, Kentucky, this 27th day of October, 1999.

By the Commission

ATTEST:

[Signature]
Executive Director
Robert E. Gilbert,
President
Gilbert Construction Services, Inc.
Graham Estates Subdivision
P. O. Box 442
2215 Dickey Drive
Owensboro, KY. 42301

RE: Case No. 99-315
GILBERT CONSTRUCTION SERVICES, INC. GRAHAM ESTATES SUBDIVISION

The Commission staff has reviewed your response of September 23, 1999 and has determined that your application in the above case now meets the minimum filing requirements set by our regulations. Enclosed please find a stamped filed copy of the first page of your filing. This case has been docketed and will be processed as expeditiously as possible.

If you need further information, please contact my staff at 502/564-3940.

Sincerely,

Stephanie Bell
Secretary of the Commission

SB/sa
Enclosure
July 23, 1999

Executive Director
Kentucky Public Service Commission
730 Schenkel Lane
P.O. Box 615
Frankfort, Kentucky 40602

Dear Sir:

Pursuant to 807 KAR 5:076, Gilbert Construction Services, Inc. hereby requests a waiver of the requirement to file an annual report for the prior three years before filing a rate adjustment application for Wrights Acres and Graham Estates Subdivision in Daviess County, Kentucky. Due to previous low rates, the owner has been unable to afford to pay an accountant to complete annual reports, but has made arrangements with a local accountant for their completion as soon as possible.

With this letter are completed rate adjustment applications. However, public notice of the rate adjustment will not occur until I receive notice whether the waiver is granted regarding the annual report requirement. Also attached is a copy of the notices.

Please contact me at 684-0774 if you have any questions regarding this letter or the attached applications.

Sincerely,

Robert Gilbert

P.E.
September 27, 1999

Robert E. Gilbert, Sr.
President
Gilbert Construction Services, Inc.
Graham Estates Subdivision
P.O. Box 442
2215 Dickey Drive
Owensboro, KY 42301

Re: Case No. 99-315
Filing Deficiencies

Dear Mr. Gilbert:

By letter dated August 13, 1999, you were notified that your filing in the above case was deficient because it did not include a statement of the date on which the notice of rate adjustment was mailed to each customer. Pursuant to KRS 278.185, a sewer utility must mail to each customer a notice of the proposed rate adjustment. The notice included with your filing is sufficient, but you must mail a copy to each customer and then send the Commission a statement of the date the notice was mailed.

The statutory time period in which the Commission must process this case will not commence until this statement is filed with the Commission. You are requested to file 10 copies of this information within 15 days of the date of this letter. If you need further information, please contact Richard Raff of my staff at (502) 564-3940, ext. 260.

Sincerely,

Stephanie Bell
Secretary of the Commission
September 21, 1999

Executive Director
Kentucky Public Service Commission
730 Schenkel Lane
P.O. Box 615
Frankfort, Kentucky 40602

Re: Gilbert Construction Services; Case Nos. 99-314 and 99-315

Dear Sir:

Enclosed please find copies of notices that were mailed today to residents of Graham Estates and Wrights Acres Subdivision regarding the rate increases sought by Gilbert Construction Services, Inc. Notice has already been published twice in the local newspaper. Please contact me if you have any questions.

Sincerely,

Bryan R. Reynolds

Enclosures
NOTICE

Gilbert Construction Services, Inc. hereby gives notice that it is seeking to increase rates for sewer services in Graham Estates. The current rate is $15.80 per month and the rate being sought is $24.10 per month. The rates contained in this notice are the rates proposed by Gilbert Construction Services. However, the Public Service Commission may order rates to be charged that are higher or lower than the rates proposed in this notice.

Any corporation, body politic or person may request leave to intervene by motion within thirty (30) days after notice of the proposed rate changes is given. A motion to intervene shall be in writing, shall be submitted to the Executive Director, Public Service Commission, 730 Schenkel Lane, P.O. Box 615, Frankfort, Kentucky 40602, and shall set forth the grounds for the motion, including the status of the movant.

Copies of the Application may be obtained at no charge from Gilbert Construction Services, Inc. at 2215 Dickey Drive, Owensboro, Kentucky 42301.

Upon request from an intervenor, the applicant shall furnish to the intervenor a copy of the application and supporting documents.
NOTICE

Gilbert Construction Services, Inc. hereby gives notice that it is seeking to increase rates for sewer services in Wrights Acres Subdivision. The current rate is $15.00 per month and the rate being sought is $18.78 per month. The rates contained in this notice are the rates proposed by Gilbert Construction Services. However, the Public Service Commission may order rates to be charged that are higher or lower than the rates proposed in this notice.

Any corporation, body politic or person may request leave to intervene by motion within thirty (30) days after notice of the proposed rate changes is given. A motion to intervene shall be in writing, shall be submitted to the Executive Director, Public Service Commission, 730 Schenkel Lane, P.O. Box 615, Frankfort, Kentucky 40602, and shall set forth the grounds for the motion, including the status of the movant.

Copies of the Application may be obtained at no charge from Gilbert Construction Services, Inc. at 2215 Dickey Drive, Owensboro, Kentucky 42301.

Upon request from an intervenor, the applicant shall furnish to the intervenor a copy of the application and supporting documents.
Robert E. Gilbert,
President
Gilbert Construction Services, Inc.
Graham Estates Subdivision
P. O. Box 442
2215 Dickey Drive
Owensboro, KY. 42301

RE: Case No. 99-315

We enclose one attested copy of the Commission’s Order in
the above case.

Sincerely,

Stephanie Bell
Secretary of the Commission

SB/sa
Enclosure
In the Matter of:

THE APPLICATION OF GILBERT CONSTRUCTION, D/B/A WRIGHT ACRES SUBDIVISION FOR AN ADJUSTMENT OF RATES PURSUANT TO THE ALTERNATIVE RATE FILING PROCEDURE FOR SMALL UTILITIES CASE NO. 99-314

THE APPLICATION OF GILBERT CONSTRUCTION, D/B/A GRAHAM ESTATES FOR AN ADJUSTMENT OF RATES PURSUANT TO THE ALTERNATIVE RATE FILING PROCEDURE FOR SMALL UTILITIES CASE NO. 99-315

ORDER

On July 26, 1999, Gilbert Construction, d/b/a Wright Acres Subdivision and Gilbert Construction, d/b/a Graham Estates applied, respectively, to the Commission for authority to adjust their rates pursuant to the alternative rate filing procedure for small utilities. In the filings, Gilbert Construction requested permission to deviate from the requirements of Administrative Regulation 807 KAR 5:076, Section 1.

Administrative Regulation 807 KAR 5:076, Section 1, requires that the applicant have on file with the Commission fully completed annual reports for the immediate past year and for at least the two prior years. In the applications, Gilbert Construction stated that it was unable to afford to pay an accountant to prepare the annual reports, but that it had made arrangements for their expeditious completion.
Having reviewed the filings and being otherwise sufficiently advised, the Commission finds that the information filed therein is sufficient to enable the Commission to begin its review of Gilbert Construction's filings. Therefore, the requests to deviate from the above-cited regulation should be granted with the understanding that Gilbert Construction will file its annual reports for the past three years within 90 days of the date of this Order.

IT IS THEREFORE ORDERED that:

1. Gilbert Construction's requests to deviate from the requirements of 807 KAR 5:076, Section 1, is granted.

2. Within 90 days of the date of this Order, Gilbert Construction shall file its omitted annual reports covering the past three years.

Done at Frankfort, Kentucky, this 13th day of August, 1999.

By the Commission

ATTEST:

Helen C. Keaton
Executive Director
Robert E. Gilbert, Sr.
President
Gilbert Construction Services, Inc.
Graham Estates Subdivision
P.O. Box 442
2215 Dickey Drive
Owensboro, KY 42301

Re: Case No. 99-315
Filing Deficiencies

Dear Mr. Gilbert:

The Commission staff has conducted an initial review of your filing in the above case. This filing is rejected pursuant to 807 KAR 5:001, Section 2, as it is deficient in certain filing requirements. The items listed below are either required to be filed with the application or must be referenced if they are already on file in another case or will be filed at a later date.

Filing deficiencies pursuant to 807 KAR 5:76, Section 4:

If copy of public notice is included, did it meet requirements?
(For sewers, direct mailing is required. See KRS 278.185)

The statutory time period in which the Commission must process this case will not commence until the above-mentioned information is filed with the Commission. You
are requested to file 10 copies of this information within 15 days of the date of this letter. If you need further information, please contact Richard Raff of my staff at (502) 564-3940, ext. 260.

Sincerely,

Stephanie Bell
Secretary of the Commission
Robert E. Gilbert,
President
Gilbert Construction Services, Inc.
Graham Estates Subdivision
P. O. Box 442
2215 Dickey Drive
Owensboro, KY. 42301

RE: Case No. 99-315
GILBERT CONSTRUCTION SERVICES, INC. GRAHAM ESTATES SUBDIVISION
(Rates - ARF)

This letter is to acknowledge receipt of initial application in the above case. The application was date-stamped received July 26, 1999 and has been assigned Case No. 99-315. In all future correspondence or filings in connection with this case, please reference the above case number.

If you need further assistance, please contact my staff at 502/564-3940.

Sincerely,

Stephanie Bell
Secretary of the Commission

SB/jc
July 23, 1999

Executive Director
Kentucky Public Service Commission
730 Schenkel Lane
P.O. Box 615
Frankfort, Kentucky  40602

Dear Su:

Pursuant to 807 KAR 5:076, Gilbert Construction Services, Inc. hereby requests a waiver of the requirement to file an annual report for the prior three years before filing a rate adjustment application for Wrights Acres and Graham Estates Subdivision in Daviess County, Kentucky. Due to previous low rates, the owner has been unable to afford to pay an accountant to complete annual reports, but has made arrangements with a local accountant for their completion as soon as possible.

With this letter are completed rate adjustment applications. However, public notice of the rate adjustment will not occur until I receive notice whether the waiver is granted regarding the annual report requirement. Also attached is a copy of the notices.

Please contact me at 684-0774 if you have any questions regarding this letter or the attached applications.

Sincerely,

Robert Gilbert Sr.
NOTICE

Gilbert Construction Services, Inc. hereby gives notice that it is seeking to increase rates for sewer services in Graham Estates. The current rate is $15.80 per month and the rate being sought is $24.10 per month. The rates contained in this notice are the rates proposed by Gilbert Construction Services. However, the Public Service Commission may order rates to be charged that are higher or lower than the rates proposed in this notice.

Any corporation, body politic or person may request leave to intervene by motion within thirty days after notice of the proposed rate changes is given. A motion to intervene shall be in writing, shall be submitted to the Executive Director, Public Service Commission, 730 Schenkel Lane, P.O. Box 615, Frankfort, Kentucky 40602, and shall set forth the grounds for the motion, including the status of the movant.

Copies of the Application may be obtained at no charge from Gilbert Construction Services, Inc. at 2215 Dickey Drive, Owensboro, Kentucky 42301.

Upon request from an intervenor, the applicant shall furnish to the intervenor a copy of the application and supporting documents.
APPLICATION FOR RATE ADJUSTMENT
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

For Small Utilities
Pursuant to 807 KAR 5:076
(Alternative Rate Filing)

Case 99-315

Gilbert Construction Services, Inc. d/b/a Graham Estate Subdivision
Name of Utility

P.O. Box 442, 2215 Dickey Drive

Owensboro, Kentucky 42301
Business Mailing Address

Telephone Number (502) 684-0774
Area Code Number

I. Basic Information

NAME, TITLE, ADDRESS and telephone number of the person to whom correspondence or communications concerning this application should be directed:

NAME: Robert E. Gilbert, President

Address: Same as above:

Telephone Number:

1) Do you have 500 customers or fewer? Yes No

2) Do you have $300,000 in Gross Annual Revenue or less? Yes No

3) Has the utility filed an annual report with this Commission for the past year and the two previous years? Yes No

4) Are the utility's records kept separate from any other commonly-owned enterprise? Yes No

NOTICE: To be eligible for consideration of a rate adjustment under this regulation, you must have answered yes to either question 1 or 2 and yes to both questions 3 and 4 above. If you answer no to questions 3 or 4, you must obtain written approval from the Commission prior to filing this Application. If these requirements are not met, you must file under the Commission's procedural rules, 807 KAR 5:001.
II. Increased Cost Information

(1) The most recent Annual Report will be used as the basic test period data in order to determine the reasonableness of the proposed rates. The Annual Report used as the basis for this rate revision is the one filed with the Commission for the 12 months ending December 31, 19__.

a. If you have reason to believe some of the items of revenue and expense listed in the Annual Report will increase or decrease, please list each item, the expected increase or decrease and the adjusted amount.

<table>
<thead>
<tr>
<th>Item Per Annual Report</th>
<th>Amount Per Annual Report</th>
<th>Increase (Decrease)</th>
<th>Adjusted Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td></td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

Total Revenue $__________ $__________ $_______

Expense

See Attachment A

Total Expense $__________ $__________ $_______

Revenue Less Expense $__________ $__________ $_______
b. Please describe each item that you adjusted on page 2 and how you know it will change. (Please attach invoices, letters, contracts or receipts which will help in proving the change in cost).

No adjustments to test year revenues and expenses made.

c. Please list your present and proposed rates for each class (i.e., residential, commercial, etc.) of customer and the percentage of increase proposed for each class:

<table>
<thead>
<tr>
<th>Customer Class</th>
<th>Present Rates</th>
<th>Proposed Rates</th>
<th>Percent Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>All customers are residential</td>
<td>See Attachment A for Rate Comparison</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
III. Other Information

a. Please complete the following questions:

1) Please describe any events or occurrences which may have an effect on this rate review that should be brought to the Commission's attention (e.g., excessive line losses, major repairs, planned construction).

None

2) Total number of customers as of the date of filing: 47

3) Total amount of increased revenue requested: $2,516

4) Please circle Yes or No:

a) Does the utility have outstanding indebtedness? Yes No

If yes, attach a copy of any documents such as promissory notes, bond resolutions, mortgage agreements, etc.

b) Were all revenues and expenses listed in the Annual Report for 19___ incurred and collected from January 1 to December 31 of that year? N/A. Annual Report not filed. Yes No

If no, list total revenue and total expense incurred prior to or subsequent to this period and attach invoices or other analysis which show how amounts were calculated.
5) Attach a copy of the utility's depreciation schedule of utility plant in service. Reconcile any differences between total depreciation shown on the Annual Report for 19___ and the amount shown on this schedule.

N/A. Depreciation not recorded

6) If utility is a sewer utility:

a) Attach a copy of the latest State and Federal Income Tax Returns.

b) How much of the utility plant was recovered through the sale of lots or other contributions $ or %? (If unknown, state the reason.)

b. Please state the reason or reasons why a rate adjustment is requested. (Attach additional pages if necessary).

A rate increase is necessary to meet the current level of operating expenses.
IV. Billing Analysis

The billing analysis is the chart reflecting the usage by the customers as well as the revenue generated by a specific level of rates. A billing analysis of both the current and proposed rates is mandatory for analysis of this rate filing. The following is a step-by-step description which may be used to complete the billing analysis. A completed sample of a billing analysis is also included. Although the sample reflects water usage, it is equally applicable for gas companies using a declining block rate design. This billing analysis is not intended for companies using a flat rate design.

a. Usage Table (Usage by Rate Increment)

Information needed to complete the usage table should be obtained from the meter books or other available usage records. The usage table is used to spread total usage into the proper incremental rate step.

Column No. 1 is the incremental steps in the present or proposed rate schedule for which the analysis is being made. Column No. 2 is the number of bills in each incremental rate step. Column No. 3 is the total gallons used in each incremental rate step. Column Nos. 4, 5, 6, 7, 8, and 9 are labeled to correspond to the incremental rate steps shown in Column No. 1 and contain the actual number of gallons used in each incremental rate step.

Example for completing Usage Table is as follows:

Column No. 1 is incremental rate steps.

Columns numbered 2 and 3 are completed by using information obtained from usage records.

Columns numbered 4, 5, 6, 7, 8, and 9 are completed by the following steps:

Step 1: 1st 2,000 gallons minimum bill rate level

432 Bills
518,400 gallons used
All bills use 2,000 gallons or less, therefore, all usage is recorded in Column 4.

Step 2: Next 3,000 gallons rate level

1,735 Bills
4,858,000 gallons used
1st 2,000 minimum x 1,735 bills = 3,470,000 gallons - record in Column 4
Next 3,000 gallons - remainder of water over
2,000 = 1,388,000 - record in Column 5
Step 3: Next 10,000 gallons rate level
1,830 Bills
16,268,700 gallons used
1st 2,000 minimum x 1,830 bills = 3,660,000
   gallons - record in Column 4
Next 3,000 gallons x 1,830 bills = 5,490,000
gallons - record in Column 5
Next 10,000 gallons - remainder of water over 3,000
   = 7,118,700 gallons - record in Column 6

Step 4: Next 25,000 gallons rate level
650 Bills
15,275,000 gallons used
1st 2,000 minimum x 650 bills = 1,300,000
gallons - record in Column 4
Next 3,000 gallons x 650 bills = 1,950,000
gallons - record in Column 5
Next 10,000 gallons x 650 bills = 6,500,000
gallons - record in Column 6
Next 25,000 gallons - remainder of water over 10,000
   = 5,525,000 gallons - record in Column 7

Step 5: Over 40,000 gallons rate level
153 Bills
9,975,600 gallons used
1st 2,000 minimum x 153 bills = 306,000
gallons - record in Column 4
Next 3,000 gallons x 153 bills = 459,000
gallons - record in Column 5
Next 10,000 gallons x 153 bills = 1,530,000
gallons - record in Column 6
Next 25,000 gallons x 153 bills = 3,825,000
gallons - record in Column 7
Over 40,000 gallons - remainder of water over 25,000
   = 3,855,600 gallons - record in Column 8

Step 6: Total each column for transfer to Revenue Table.

b. **Revenue Table** (Revenue by Rate Increment)

Revenue Table is used to determine the revenue produced from
the Usage Table. Column No. 1 is the incremental rate steps
in the rate schedule for which the analysis is being made.
Column No. 2 indicates the total number of bills. Column No.
3 is the number of gallons accumulated in each rate increment
(Totals from Columns 4, 5, 6, 7, and 8 of the above usage
table). Column No. 4 is the rates to be used in determining
revenue. Column No. 5 contains revenue produced.
V. General Information/Customer Notice

1) Filing Requirements:

   a. If the applicant is a corporation, a certified copy of its articles of incorporation must be attached to this application. If the articles and any amendments thereto have already been filed with the Commission in a prior proceeding, it will be sufficient to state that fact in the application and refer to the style and case number of the prior proceeding.

   b. An original and 10 copies of the completed application should be sent to:

      Executive Director
      Kentucky Public Service Commission
      730 Schenkel Lane
      P. O. Box 615
      Frankfort, Kentucky 40602

      Telephone: 502/564-3940

   c. One copy of the completed application should also be sent at the same time to:

      Public Service Litigation Branch
      Office of the Attorney General
      Post Office Box 2000
      Frankfort, Kentucky 40602-2000

2) A copy of the customer notice must be filed with this application. Proper notice must comply with Section 4 of this regulation.

3) Copies of this form and the regulation may be obtained from the Commission’s Office of Executive Director; or by calling 502/564-3940.

4) I have read and completed this application, and to the best of my knowledge all the information contained in this application is true and correct.

   Signed __________________________
   Officer of the Company

   Title ____________________________

   Date 7/23/99
Attachment A  
Gilbert Construction Services, Inc.  
Calculation of Revenue Requirements and Proposed Rates

<table>
<thead>
<tr>
<th>Current rate</th>
<th>15.80</th>
</tr>
</thead>
<tbody>
<tr>
<td>Times: Number of customers (taken from latest PSC engineering inspection report)</td>
<td>47</td>
</tr>
<tr>
<td>Annualize</td>
<td>12</td>
</tr>
<tr>
<td>Pro forma revenue at present rates</td>
<td>8,911</td>
</tr>
</tbody>
</table>

Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract Labor - C.G. Williams ($110 per month)</td>
<td>1,320</td>
</tr>
<tr>
<td>Operating Contract ($425 per month allocated based on number of customers)</td>
<td>1,556</td>
</tr>
<tr>
<td>Purchased Power</td>
<td>2,275</td>
</tr>
<tr>
<td>Baird Plumbing &amp; Heating (allocated based on number of customers)</td>
<td>2,099</td>
</tr>
<tr>
<td>Owner manager fee</td>
<td>3,600</td>
</tr>
<tr>
<td>Legal and Professional Expenses</td>
<td>909</td>
</tr>
<tr>
<td>KPDES Permit Fee ($1,000.00 every 5 years)</td>
<td>200</td>
</tr>
</tbody>
</table>

Total Expenses | 11,959 |

Divide by 88% operating ratio | 88% |

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue requirement</td>
<td>13,590</td>
</tr>
<tr>
<td>Less: Pro forma revenue</td>
<td>(8,911)</td>
</tr>
</tbody>
</table>

Required increase | 4,679 |

Required Revenue | 13,590 |

Divide by: Number of Customers | 12 |

| Requested Rate | 24.10 |
| Current Rate | 15.80 |
| Dollar Increase | 8.30 |
| Percent Increase | 52.5% |