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October 18, 2004

Ms. Beth O'Donnell  
Executive Director  
Public Service Commission  
211 Sower Boulevard  
P. O. Box 615  
Frankfort, Kentucky 40602-0615

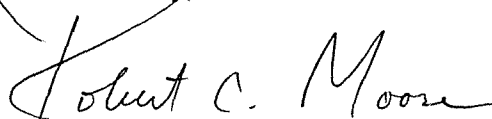
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**RECEIVED**  
OCT 19 2004  
PUBLIC SERVICE  
COMMISSION

Re: Richmond Utilities, LLC  
Joint Application for Approval of Transfer

Dear Ms. O'Donnell:

Please find enclosed for filing in the above referenced case, the original and 8 copies of the Responses to the Commission Staff's Data Request submitted on behalf of Richmond Utilities, LLC.

Yours truly,

  
Robert C. Moore

cc: Marty Cogan

Enclosures

RCM/csc

Drop Box  
**RECEIVED**

OCT 19 2004

**PUBLIC SERVICE  
COMMISSION**

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF B & H, INC.	)	Case No. 2004-0036
AND RICHMOND UTILITIES, LLC	)	
FOR APPROVAL OF THE TRANSFER OF	)	
WASTEWATER TREATMENT PLANT TO	)	
RICHMOND UTILITIES, LLC	)	

336

**JOINT APPLICANTS' RESPONSE TO COMMISSION STAFF'S INTERROGATORIES  
AND REQUESTS FOR PRODUCTION OF DOCUMENTS**

Come the Joint Applicants, B & H, Inc., and Richmond Utilities, LLC, and for their response to the Commission Staff's Interrogatories and Requests for Production of Documents, state as follows;

**INTERROGATORY NO. 1:** At page 3 of the Application, Applicants state that, upon the approval of the transfer of B & H, Richmond Utilities will have a cash balance in excess of \$20,000.00 for use in the operation of said wastewater treatment plant. Identify the source of the \$20,000.00 cash balance and explain why it will not be available to Richmond Utilities until the transfer is approved.

**ANSWER TO INTERROGATORY NO. 1:** Pursuant to the terms of the Assets Purchase Agreement entered into by Richmond Utilities, LLC, and B & H, Inc., Richmond Utilities, LLC, will take ownership of the cash proceeds owned by, administered by, or maintained by the Trust created pursuant to the Trust Indenture dated June 5, 1969, by and between B & H, Inc., Inland Builders, Inc., and State Bank and Trust Company (Predecessor to Bank One). At this time, the value of the Trust is \$20, 278.54, as set forth in the statement issued by Bank One on September 15, 2004. ( See trust agreement - Attachment A and statement - Attachment B).

These funds will not become available to Richmond Utilities until the transfer of the

Brocklyn Subdivision Wastewater Treatment Plant and Sewer System has been approved by the Commission. Subsequent to the Commission's approval of the transfer, the closing of this transaction will be held, and the funds in said Trust will be transferred to Richmond Utilities, LLC. The individual responsible for providing this information is Marty Cogan.

**INTERROGATORY NO. 2:** Provide a balance sheet, an income statement and a statement of retained earnings ("Financial Statement") for Richmond Utilities for the calendar year 2003.

**ANSWER TO INTERROGATORY NO. 2:** Richmond Utilities, LLC, is a Kentucky limited liability company that was formed on July 16, 2004, in order to purchase the Brocklyn Subdivision Wastewater Treatment Plant and Sewer System. Accordingly, there are no financial statements available for Richmond Utilities for calendar year 2003. The individual responsible for providing this information is Marty Cogan.

**INTERROGATORY NO. 3:** At page 3 of the application, Applicants state that, "Marty Cogan and Larry Smither, the members of Richmond Utilities, LLC, have the necessary financial reserves to loan the limited liability company the funding necessary to assure continued operation of the plant."

**INTERROGATORY NO. 3(a):** Provide financial statements, tax returns, or other evidence of the financial integrity of Mr. Cogan and Mr. Smither.

**ANSWER TO INTERROGATORY NO. 3(a):** Current financial statements for Mr. Cogan and Mr. Smither are attached hereto as Attachment C. The individuals responsible for providing this information are Marty Cogan and Larry Smither.

**INTERROGATORY NO. 3(b):** Under what circumstances do Mr. Cogan and Mr. Smither believe that it will be necessary to loan Richmond Utilities money in order to operate the treatment

plant? Describe the expected loan amount, terms, and specific uses of the loan funds.

**ANSWER TO INTERROGATORY NO. 3(b):** The revenue earned from the operation of the Brocklyn Subdivision wastewater treatment plant is anticipated to provide sufficient monies to pay for the operation of said wastewater treatment plant and sewer system. Additionally, upon the closing of the transfer, the funds in the Trust referred to in the Answer to Interrogatory No. 1 will be available to pay for the operation of the subject wastewater treatment plant. Accordingly, Mr. Cogan and Mr. Smither do not anticipate that it will be necessary to make any loans to Richmond Utilities in order to operate the treatment plant. It is impossible to state the amount of any loan needed, in the unlikely event that such a loan is necessary. The individuals responsible for providing this information are Marty Cogan and Larry Smither.

**INTERROGATORY NO. 4:** At page 4 of the application, Applicants' state that, "[T]here is no one that the Joint Applicants are aware of that will be willing to participate in the execution of a Third Party Beneficiary Agreement."

**INTERROGATORY NO. 4(a):** Describe the effort made Richmond Utilities to obtain the Third Party Beneficiary Agreement.

**ANSWER TO INTERROGATORY NO. 4(a):** In the event that the Evidence of Financial Integrity filed with the Commission on October 1, 2004, and the Financial Statements of Mr. Cogan and Mr. Smither do not satisfy the applicable financial integrity requirement, Richmond Utilities will provide an Irrevocable Letter of Credit to satisfy the evidence of financial integrity requested by the Public Service Commission. Therefore, a Third Party Beneficiary Agreement is unnecessary. The individual responsible for providing this information is Marty Cogan.

**INTERROGATORY NO. 4(b):** Provide a copy of the financial integrity that Richmond Utilities will file in lieu of a Third Party Beneficiary Agreement.

**ANSWER TO INTERROGATORY NO. 4(b):** The Evidence of Financial Integrity was submitted to the Commission on Friday, October 1, 2004. See also the Financial Statements of Marty Cogan and Larry Smither - Attachment C. In the event that the Evidence of Financial Integrity filed with the Commission on October 1, 2004, and the Financial Statements of Mr. Cogan and Mr. Smither do not satisfy the applicable financial integrity requirement, Richmond Utilities will provide an Irrevocable Letter of Credit to satisfy the evidence of financial integrity requested by the Public Service Commission. The individuals responsible for providing this information are Marty Cogan and Larry Smither.

**INTERROGATORY NO. 5:** At page 5 of the application, Applicants state that "Richmond Utilities, LLC, has filed a Notice of Adoption as described in 807 KAR 5:011"; however, the referenced notice was not attached to the Application. Provide a copy of the referenced Notice of Adoption of Richmond Utilities.

**ANSWER TO INTERROGATORY NO. 5:** See attached copy of the Adoption Notice, Attachment D. The individual responsible for providing this information is Marty Cogan.

**INTERROGATORY NO. 6:** Refer to Exhibit A of the application, the Assets Purchase Agreement ("Agreement").

**INTERROGATORY NO. 6(a):** Section 1.1 (A), Property, there is a reference to a description of property that is contained in Exhibit A; However, Exhibit A is not attached to the Agreement. Provide a copy of Exhibit A.

**ANSWER TO INTERROGATORY NO. 6(a):** See attached copy of Exhibit A to the Assets Purchase Agreement, (Attachment E). The individual responsible for providing this information is Marty Cogan.

**INTERROGATORY NO. 6(b):** Provide a copy of the " Trust Indenture dated June 5,

1969" referenced at page 3 of the Agreement.

**ANSWER TO INTERROGATORY NO. 6(b):** See Attachment A. The individual responsible for providing this information is Marty Cogan.

**INTERROGATORY NO. 7:** Refer to the Sewer Utilities Annual Report of B & H to the Public Service Commission of Kentucky for the Year Ended December 31, 2003 ('2003 Annual Report').

**INTERROGATORY NO. 7(a):** Utility plant in service is recorded at \$28,615.00 and accumulated depreciation is recorded at \$323.00. Given that the treatment and collection facilities were constructed in 1969, explain why accumulated depreciation is so low.

**ANSWER TO INTERROGATORY NO. 7(a):** The original cost of the Brocklyn Subdivision Wastewater Treatment Plant built by B& H in 1963 was \$24,309. This was not depreciated, the costs were allocated to the lots that were sold in the Brocklyn Subdivision. In 2003, a new fence was added to the subject wastewater treatment plant at a cost of \$4,306.00. This fence is being depreciated over 15 years, with the first year's depreciation in the amount of \$323.00. The total of the original cost of the plant, plus the new fence is \$28,615, which is shown on the Annual Report. The individual responsible for providing this information is Ms. Oberita Hager.

**INTERROGATORY NO. 7(b):** Provide a detailed plant and depreciation schedule for the assets being transferred.

**ANSWER TO INTERROGATORY NO. 7(b):** See Attachment F. The individual responsible for providing this information is Ms. Oberita Hager.

**INTERROGATORY NO. 7(c):** Other current and accrued assets have a balance of \$19,492.00. Explain the nature of this account. Will this asset be transferred to Richmond Utilities?

**ANSWER TO INTERROGATORY NO. 7(c):** The \$19,492.00 shown as other current and

accrued assets is the approximate amount of the funds in the Trust Account described in the Answer to Interrogatory No. 1. The individual responsible for providing this information is Ms. Oberita Hager.

**INTERROGATORY NO. 8:** Provide the journal entry Richmond Utilities proposes to make to record the transfer.

**ANSWER TO INTERROGATORY NO. 8:** To be provided.

**INTERROGATORY NO. 9:** At page 3 of the application, Applicants state that, “The plant is in good condition and consistently meets State water quality standards.”

**ANSWER TO INTERROGATORY NO. 9:**

**INTERROGATORY NO. 9(a):** During heavy rains, B & H has informed the Commission’s Engineering Division of flooding at the treatment plant, resulting in the discharge of effluent into the stream. Describe the steps Richmond Utilities plans to take to rectify the flooding problem at the treatment plant. Include an estimate of the costs that will be incurred to rectify the flooding problem and detailed description of how Richmond Utilities proposes to finance those cost.

**ANSWER TO INTERROGATORY NO. 9(a):** B & H has taken the steps requested by the Kentucky Division of Water, and implemented additional steps, all as set forth below, to rectify the problem of flooding at the subject wastewater treatment plant.

1. An infiltration and inflow study was performed in August of 2000. This study showed that the sewer lines were in very good condition and that a few of the manholes had minor defects
2. Any manholes with defects were repaired and all of the manholes along the creek area were elevated and/or water-proofed to keep the creek from overflowing into these manholes.
3. In August of 2000, the area between the subject wastewater treatment plant and Hager Avenue was re-graded to prevent storm water from draining down the driveway and going directly

into the aeration basin.

4. Diversion ditches were dug along the outside edge of the lot where the subject wastewater treatment plant is located.

5. A barrier was constructed to prevent any surface water that collects on site from entering the aeration basin.

6. The height of the walls of the lagoon were increased by constructing a barrier of concrete block and brick.

7. The height of the walls of the aeration basin were increased by approximately 10 inches in height.

The above steps have rectified any flooding problem existing at the Brocklyn Wastewater Treatment Plant. However, no reasonable steps can be taken to prevent flooding at the plant that will occur when over 3 inches of rain is dumped at that site in less than an hour, such as occurred when the remnants of Hurricane Ivan dumped 3 ½ inches of rain at the site in less than one (1) hour.

**INTERROGATORY NO. 9(b):** In its 2003 Annual Report, B & H reports that 120 loads or 240,000 gallons of sludge were removed from its wastewater treatment facilities. Describe the steps Richmond Utilities plans to take to reduce the amount of sludge removed from its treatment facilities. Include an estimate of the costs that will be incurred to rectify the sludge problem and detailed description of how Richmond Utilities proposes to finance those cost.

**ANSWER TO INTERROGATORY NO. 9(b):** The 2003 Annual Report of B & H accurately reported that 120 loads of sludge were removed from its wastewater treatment facilities. However, a review of the wastewater treatment plant's operation reflect that this large amount of sludge removal was unnecessary and excessive, and was due to the fact that the individuals ordering the removal of the sludge allowed the company hauling the sludge to remove it at its discretion.

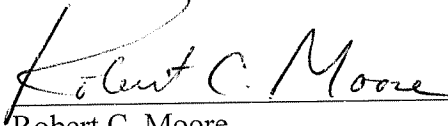


Accordingly, the sludge was hauled more than twice a week in 2003, and in many cases water was actually hauled. Due to improved monitoring from January to September of 2004, 14 loads of sludge have been removed from the wastewater treatment facilities, and it is anticipated that the total number of loads of sludge to be removed from the wastewater treatment facilities in 2004 will not exceed 20. This information establishes that the subject wastewater treatment plant does not have a sludge problem that requires rectifying.

**INTERROGATORY NO. 10:** On page 3 of the application , the Applicants state that Mr. Cogan and Mr. Smither are both licensed treatment plant operators. Provide copies of the valid operator's licenses for Mr. Cogan and Mr. Smither.

**ANSWER TO INTERROGATORY NO. 10:** Mr. Smither has a current wastewater treatment operators license (See Attachment G). Mr. Cogan's wastewater treatment operator's license has expired.


Respectfully submitted,



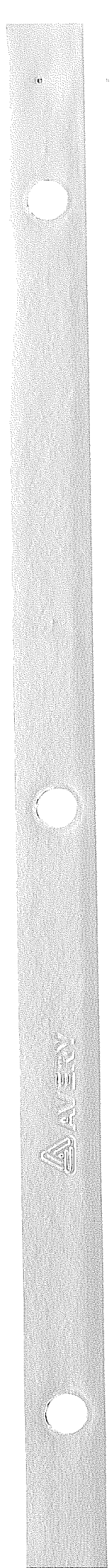
Robert C. Moore  
Hazelrigg & Cox, LLP  
415 West Main Street  
P.O. Box 0676  
Frankfort, Kentucky 40602-0676

### **CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing was filed by hand delivery on Beth O'Donnell, Executive Director, Public Service Commission, P.O. Box 615, Frankfort, Kentucky 40602, and by first class mail on Jeb Pinney, Public Service Commission, P.O. Box 615, Frankfort, Kentucky 40602, Bob L. Hager, 468 Eastern Bypass, Richmond, Kentucky 40476 and David Edward Spenard, Assistant Attorney General, 1024 Capital Center Drive, Suite 200, Frankfort, Ky., 40601-8204 on this the 18<sup>th</sup> day of October, 2004.



Robert C. Moore



ATTACHMENT A

TRUST INDENTURE

RECEIVED  
C.S. WAGES & CLEAR

JUN 12 11 06 AM '69

THIS TRUST INDENTURE, made this 5 day of JULY 1969, by and between B/W Incorporated, and INLAND BUILDERS, Incorporated, both corporations organized and existing under and by virtue of the laws of the State of Kentucky (hereinafter called "Grantors" or Parties of the First Part) and STATE BANK AND TRUST COMPANY, a Kentucky corporation, Trustee (hereinafter called "Trustee" or Party of the Second part).

WITNESSETH: THAT WHEREAS, Grantors are now the owners of the property known as Brocklyn Subdivision located in Madison County, State of Kentucky, which property is being improved and developed for the purpose of the construction of dwellings thereon; and

WHEREAS, Grantors are the owners of certain property (hereinafter more particularly described), upon which there will be located a sewage system including a sewage collection system and appurtenances together with a sewage treatment plant (hereinafter referred to as "sewage system"), for the purpose of supplying sewage disposal service to all properties connected to or to be connected to the sewage system; and

WHEREAS, the property known as Brocklyn Subdivision will be approved for subdivision purposes by the necessary governmental authorities upon the condition that such properties be serviced by a satisfactorily and continuously operated and adequate sanitary sewage system; and

WHEREAS, it is the intention and purpose of the Grantors that such sewage system shall be used and operated to provide adequate disposal of sewage for each of the properties connected thereto, regardless of the ownership of the individual properties, and properly to maintain the sewage system so that it will not adversely affect said properties, and to assure the continuance of the operation and maintenance of such sewage system for the benefit of the present and future owners of the properties connected thereto.

NOW, THEREFORE, for and in consideration of the undertakings of the Grantor to provide and cause the maintenance and operation of the sewage system as aforesaid and the further sum of One Dollar (\$1.00) lawful money of the United States each in hand to Grantee by Trustee, the receipt whereof is hereby acknowledged, the Grantors do hereby grant and convey to the party of the second part, as Trustee, ~~the sewage system on the following property but not the land itself, to-wit:~~

A certain tract of land located in Madison County, Kentucky, beginning at a spike in the center of Barnes Mill Road, said spike being a common corner with other De Jarnette Estate property; 09° W 312 feet to a steel pin in corner; thence S 47° 09' W 328.81 feet to a steel pin in the fence said pin being a common corner with the DeJarnette Estate and J. C. Farley; thence with the fence S 16° 52' W 1702.29 feet to a steel pin in the fence a corner at the base of a dead hickory tree, said pin being a corner to Farley; thence with the Farley line S 85° 08' E 486.50 feet to a steel pin; thence with a line of other DeJarnette Estate N 21° 12' E 1111.50 feet to a steel pin; thence N 13° 20' E 255.93 feet to a steel pin; thence S 17° 25-1/2 E 1009.76 feet to a spike in the center of Barnes Mill Road; thence with center of Barnes Mill Road S 83° 08' W 275.90 feet S 78° 34' W 107.67 feet to the beginning, containing 26.7 acres by recent survey of John L. McMichael, Registered Land Surveyor # 1026.

The Grantor further grant the land on Lots 21 and 22 as shown by Plat of said Brooklyn Subdivision or Record in Plat Book 3, page 35, Madison County Court Clerk's Office.

And being the same property conveyed to B/H Corporation by Babby L. Hager and others, by deed dated September 16, 1968, and recorded in Deed Book 237, page 334, Madison County Court Clerk's Office.

~~The sewage collection system, including all appurtenances such as manholes, pumping stations, and the sewage treatment plant including effluent line to point of final disposal, heretofore constructed or to be constructed including all easements incident to the ownership and operation of said sewage system.~~

1. This grant is for the benefit of the present and future owners of all and each of the properties now or hereafter connected to the said

sewer system, as well as the holders of the mortgages covering each of the properties and Trustee shall hold the title to the property granted by this indenture until either (a) the sewage system is taken over by either a governmental authority or a public utility (regulated and controlled as to rates and services by a duly constituted public regulatory body or commission) for maintenance and operation, or (b) other adequate sewage service is provided either by a governmental authority or public utility (regulated and controlled as to rates and services by a duly constituted public regulatory body or commission) through means other than the operation of sewage system and facilities now transferred to the Trustee herein. Upon the happening of either of such events at a time when the Grantor is still operating and managing the sewage system in accordance with the terms and provisions hereof, the Trustee shall immediately reconvey the property to the Grantor, its successors or assigns, and this indenture shall be of no further effect.

2. The Grantors agree to provide at all times, for each of the properties connected to the said sewage system, service adequate for the safe and sanitary collection, treatment, and disposal of all domestic sewage from said dwellings. The Grantors further shall operate and maintain the sewage system, including the sewage treatment plant, in a manner so as not to pollute the ground, air, or water in, under or around said properties with improperly or inadequately treated sewage, or with noxious or offensive gases or odors. The Grantors further agree to operate the system in accordance with regulations and recommendations of the State Board of Health and any and all other public authorities having jurisdiction in such matters, and to produce an effluent of a quality satisfactory to the State Board of Health and any and all other public authorities having jurisdiction over such matters. Records of any and all tests conducted in connection with said system shall be kept as permanent records by the Grantors and said records shall be open to inspection by the State Board of Health of the State of Kentucky, the owners of the properties connected to the said sewage system.

The said Board of Health and/or its agents shall at all times have access to the plant of the Grantor to conduct any and all tests as said Board shall consider necessary to determine compliance with the said regulations and recommendations. In the event said Board shall determine that the operation of the system does not meet the said regulations or recommendations, the Grantor shall with reasonable dispatch at its sole cost make any adjustment, repair, installation, or improvement that shall be necessary or recommended by said Board to bring the operation of the system up to the said regulations and recommendations.

3. The Grantor shall maintain said sewage system at all times in good order and repair so that satisfactory service as aforesaid may be supplied to each of said properties as provided in paragraph 2 above.

4. Until the happening of one of the events set forth under paragraph 1 above, should the Trustee be notified by the Kentucky Water Pollution Control Commission or the Madison County Health Department that Grantor has failed to operate and maintain the sewage system in the manner and under the conditions specified herein (failure due to Acts of God, natural disasters, or other causes beyond the control of the company, including labor trouble or strikes excepted) then in such contingency, if such default shall continue for a period of thirty (30) days (or for a period of five (5) days in the event such default consists of a shut down of the sewer plant or suspension of sewage services, except for the causes above set forth) after written notice to the Grantor by the Trustee, then and in such event, the Trustee may enforce this Trust Indenture by action, institute for such purpose in any Court of competent jurisdiction and in such action shall be entitled as a matter of right to the entry of an Order appointing the Trustee to take immediate possession of the sewage system of the Grantor for the purpose of operating and maintaining the same with the full right to hold, use, operate, manage and control the same for the benefit of the parties for whom this Trust Deed is made for such period as is

necessary to collect the default for which such action was brought. During the period of the Trustee's operation of such sewage system it shall have full right to collect the charge for services at the rates then in effect as provided in this Trust Deed and shall be entitled to such reasonable compensation and expenses, including reasonable attorney fees, as may be determined by the Court. Upon correction of such default the Trustee shall deliver possession of the sewage system to the Grantor who shall have full right to use, operate, manage and continue it under the terms hereof.

5. ~~In the event the Trustee takes possession of the sewerage system the Grantor shall have no further right, title or interest in or to the sewerage system or other property granted by this indenture and shall not be entitled to any portion of the proceeds resulting from any sale of such system or property; but the Trustee shall have the right to transfer such system to a governmental authority upon such terms or conditions as may be approved by the Trustee and the owner or owners of a majority of the properties connected to the sewerage system.~~

6. The Grantor reserves the right to levy and collect a charge for sewerage services provided to the occupants of each of the properties connected to the sewerage system in the amount of Five Dollars (\$5.00) per month.

~~Service shall be charged on a pro rata basis from the date the service is established at the request of the customer to the date of its discontinuance.~~

~~(a) It is agreed between the parties hereto that for the first year of operation of the sewerage system the above rates shall be deemed reasonable.~~

~~(b) The Grantors shall maintain accurate books relative to the sewerage system. Such books shall be available for inspection by a person or persons designated in writing by the Trustee; provided that the continuing right of inspection hereby created shall be exercised only at the place where such books are customarily maintained; that such right of inspection shall be exercised during usual business hours, after reasonable notice and in such a manner as not to hamper unduly or interfere with the conduct of the Grantors business.~~



(c) Changes in rates may be proposed by the Grantors and by the said beneficiaries. If within ninety (90) days after notice to the Trustee and to the beneficiaries of a rate change proposed by the Grantors not more than one-third of the beneficiaries of this Trust shall have signified in writing their opposition to such proposed rate change, the Grantors may forthwith establish such new rates which shall be deemed reasonable pending the accumulation of experience to show such new rates to be unreasonable. If more than one-third of the beneficiaries signify in writing their opposition to a rate change proposed by the Grantors, or if more than one-third of the beneficiaries propose in writing a rate change which the Grantors oppose, and the parties cannot reach an agreement by negotiation within thirty (30) days, then the matter shall be referred to a board of arbitrators who shall be designated as follows: The Grantors shall designate an arbiter, the beneficiaries shall designate an arbiter and the two arbiters thus selected shall choose a third arbiter. The decision of the board of arbitrators as to the reasonableness of rates shall be final upon the parties hereto. All costs of arbitration shall be paid by the losing party or parties. The duly elected officers of a citizens or property owners' association comprised of the beneficiaries, or the members of a committee duly appointed by such officers, shall prima facie represent more than one-third of the beneficiaries.

7. Notwithstanding any other provisions of the Trust Indenture, any creditor of record of the Grantors shall have a reasonable period of time to correct any default hereunder prior to the taking over of the property by the Trustee.

8. If it should become necessary at any future time for the Trustee or any entity acting in its behalf to operate and manage the sewerage system under the provisions of this Trust, then and in that event, the operator of such system shall be entitled to a fee payable from the income of the sewerage system at a rate not in excess of 100% of the gross charges collected by such Trustee.

WITNESSED AND SIGNED  
this 12th day of June, 2004

9. ~~Each Trustee hereunder (whether originally designated or appointed as successor) shall have the right to resign at any time provided the guarantor is first approved by the Federal Housing Administration and the Veterans Administration.~~

10. ~~Both the grantors and the Trustee hereby agree that the said system herein conveyed may be conveyed to the City of Richmond, Kentucky, for the sum of \$1.00 and at the time of said conveyance to the City of Richmond, Kentucky, the Trustee will re-convey said property to the Grantors.~~

11. ~~Notwithstanding any other provisions or the terms, stipulations or covenants expressed herein, the grantors hereby expressly retain and reserve with the consent and approval of the Trustee, the right, privilege and authority to expand such sewer system and appurtenances, and to convey and mortgage the above described property for the purpose of securing a payment of funds borrowed to expand, enlarge, increase, erect, construct, maintain and repair the sewerage disposal and treatment plant and facilities located upon the above described property, or which may hereafter be located and constructed thereon, and the sewerage collection system, including all appurtenances such as manholes, pumping stations and the sewerage treatment plant including effluent line to the final point of disposal, heretofore constructed, or to be constructed, including all covenants incident to the ownership and operation of said sewerage system, subject to the provisions of this Trust.~~

12. ~~The grantor hereby covenants that it will withhold the sum of \$100 upon the sale of each lot in said subdivision and the said \$100 shall be paid to the Trustee who shall deposit the said \$100 in a Trustee account for the sole purpose of maintaining the said sewer system in the event the grantors fail to maintain the said system as provided by this trust indenture.~~

IN TESTIMONY WHEREOF, B/S INCORPORATED, and ISLAND BUILDERS, INCORPORATED, the Grantors, have caused these presents to be executed in its behalf by Bob Hager, its President, and its corporate seal to be hereunto affixed and attested by Cherita Hager, its Secretary-Treasurer, and the State Bank and Trust Company of Richmond, Kentucky, the Trustee herein named, has caused these presents to be executed by Allen Douglas, its President, and its corporate seal to be affixed and attested by Verda T. Swauer, its Trust Officer, the day and year first hereinabove written. In entering into this agreement contained herein, and executing this trust indenture, the State Bank and Trust Company of Richmond, Kentucky, acts for itself, as Trustee, and as representative of and by authority of all persons, firms, corporations or entities which are or may be beneficiaries under the trust hereinabove created.

B E A L

B/S, INC. AND ISLAND BUILDERS, INC.

ATTEST:

*Cherita Hager*  
 Cherita Hager, Secretary-Treasurer

*Bob Hager*  
 Bob Hager, President

*Bob Hager*  
*Charles Hager*

STATE BANK AND TRUST COMPANY OF RICHMOND

*Allen Douglas*  
 Allen Douglas, President



ATTEST:

*Verda T. Swauer*  
 Verda T. Swauer - Trust Officer

STATE BANK AND TRUST COMPANY  
 OF RICHMOND, KY

STATE OF KENTUCKY

COUNTY OF MADISON

I, the undersigned notary public in and for the state and county aforesaid, do hereby certify that on this day the foregoing Trust Deed from B/H, Inc., to State Bank and Trust Company of Richmond, Kentucky, Trustee, was produced to me in my county by the parties and acknowledged and delivered before me by Bob Hager as president of B/H Corporation, Inc., a corporation, party thereto, to be the act and deed of said corporation, by him, as its President and chief officer, thereunto duly authorized, and the seal of said corporation, as affixed to said instrument was attested and proven before me by Cherice Hager, as its Secretary, and by Allen Douglas, as President of State Bank and Trust Company of Richmond, Kentucky, a corporation, party thereto, to be the act and deed of said corporation by its President and chief officer, thereunto duly authorized, and the seal of said corporation, as affixed to said instrument, was attested and proven before me by Verda T. Swanner as its Trust Officer.

My commission will expire

January 11, 1978

Given under my hand and seal of office on this the 5 day of

June, 1969.

Acta Clerkin  
 Notary Public  
 Madison County, Kentucky

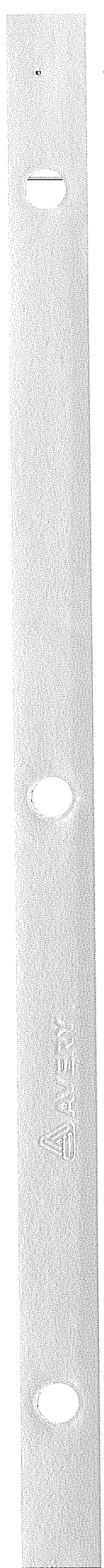
STATE OF KENTUCKY }  
 COUNTY OF MADISON } SCT.

I, C. S. Wagers, Clerk of the Madison County Court, do certify that the foregoing Trust Deed to State Bank & Trust Co was on the 11th day of June, 1969 produced to me in my office certified as above for record. Whereupon the same with the foregoing and this certificate have been duly recorded in my office.

Given under my hand, this 17 day of June, 1969

C. S. Wagers  
 Clerk

1969 JUN 17 1969  
 -9-



ATTACHMENT B

SECURITY DESCRIPTION MARKET VALUE FEDERAL COST \$MKT P ANNUAL INC/ UNREAL G/L CORR  
 S SHARES/PV

CASH MANAGEMENT GOVT/TREAS

ONE GROUP U.S. TREAS SEC MNY MKT FD	788.13	681937108	788.13	4.1	1	7	0	1.0
ONE GROUP U.S. TREAS SEC MNY MKT FD	1,394.66	681937108	1,394.66	7.2	3	13	0	1.0

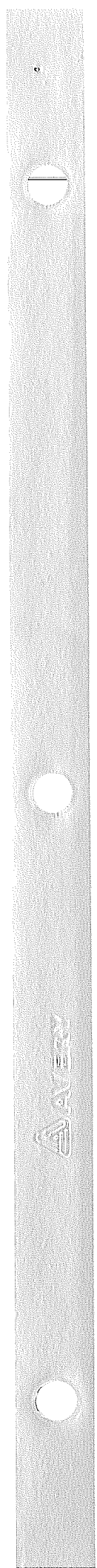
INSTL MUTUAL FUNDS EQUITY

ONE GROUP DIVERSIFIED EQUITY FUND	508.3540	681939781	4,646.60	30.3	1	40	1,205	0.7
ONE GROUP DIVERSIFIED INTERMEDI'L FD	62.7280	68231N834	584.00	4.5	1	7	289	0.8
ONE GROUP EQUITY INCOME FUND	60.5590	681937793	1,296.80	5.2	1	15	-288	1.5

INSTL MUTUAL FDS FIXED INC.

ONE GROUP INTERMEDIATE BOND FUND	869.6780	681937272	9,576.10	48.6	1	438	-184	4.7
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INVESTMENTS	19,307.94	18,286.29	100.0			520		2.7
PRINCIPAL CASH	0.00	0.00				1,022		
TOTAL	19,307.94	18,286.29						
INCOME CASH	970.60							
INV. INCOME CASH	-970.60							
VERY LIQUID BALANCE		2,182.79						





ATTACHMENT C

FINANCIAL STATEMENTS FOR MR. COGAN AND MR. SMITHER  
ARE TO BE PROVIDED

AVERY



**ADOPTION NOTICE NO.**

The undersigned Richmond Utilities, LLC of Louisville, Kentucky, hereby adopts, ratifies, and makes its own in every respect as if the same had been originally filed and posted by it, all tariffs and supplements containing rates, rules and administrative regulations for furnishing Wastewater Treatment Collection and Treatment Service at Brocklyn Subdivision in Richmond, Madison County, in the Commonwealth of Kentucky, filed with the public service Commission by B & H, Inc. of Richmond, Madison County, Kentucky, and in effect on the \_\_\_\_\_ day of \_\_\_\_\_, 2004, the date on which the Public Service business of the said B & H, Inc. was taken over by it.

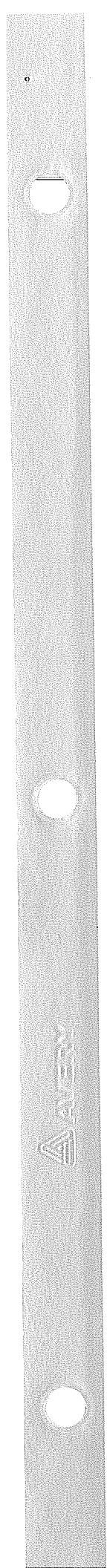
This Notice was issued on the \_\_\_\_ day of \_\_\_\_\_, 2004, in conformity with Section 11 of 807 Kentucky Administrative Regulation 5 adopted by the Public Service Commission.

Richmond Utilities

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

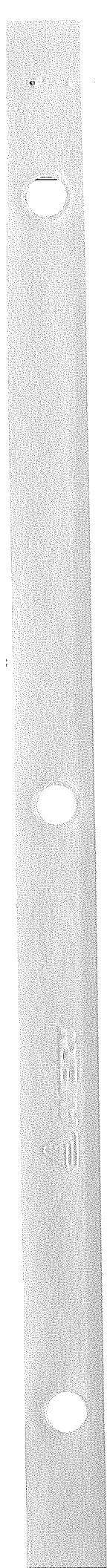


ATTACHMENT E

## **Exhibit A**

The sewage collection system, including all pipes, appurtenances such as manholes, pumping stations and the sewage treatment plant (Aer-O-Flow wastewater treatment plant, model S-400-67-7 ½ consisting of an aeration tank, a settling tank and chlorinating facilities). The real property upon which the wastewater treatment plant is located, known as Lots 20 and 21 of the Brocklyn Subdivision, Richmond, Madison County, Kentucky. All fixtures (including sump pumps and backup pumps), supplies and equipment associated with the Wastewater System owned by SELLER. All fixtures, equipment and cash proceeds owned by, administered by or maintained by the Trust created pursuant to the Trust Indenture dated June 5, 1969, by and between B.H. Incorporated, Inland Builders Incorporated and State Bank and Trust Company (Predecessor to Bank One).







**Asset Depreciation Short Report - Sorted by - ASSET A/C#**  
 Company: B&H INC  
 Method: 4 - ANNUAL REPORT Std Conv Applied  
 Range: 1000 - EQUIPMENT - 1000 - EQUIPMENT

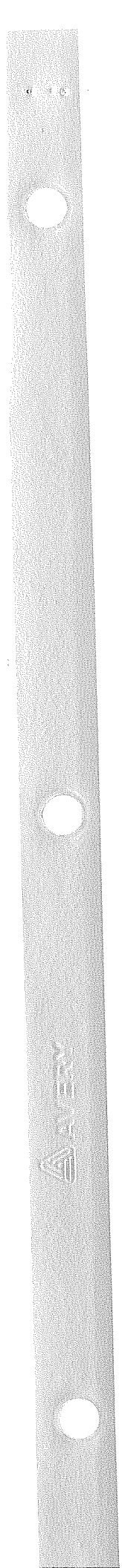
Year End: 12/31/03  
 File: F:\AKDATA\B&H INC  
 Include: All assets

Page: 1  
 Date: 03/15/04  
 Time: 14:56:58

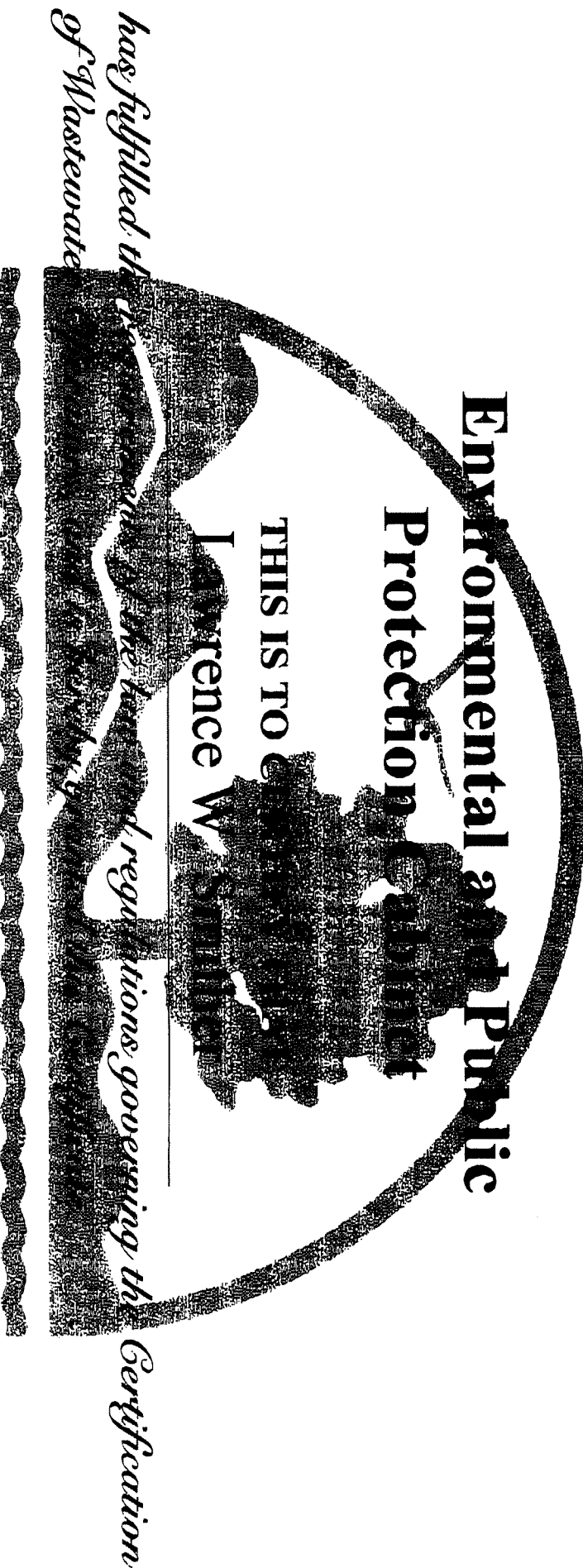
Date Acq	Description	Meth/Life	Cost	Acc. 179	Depr Basis	Includes Section 179		Eng A/Depr
						Req A/Depr	Curr Depr	
<b>ASSET A/C# 1000 - EQUIPMENT</b>								
03/15/03 A	FENCE	MSL/10 00	4,306.00	0.00	4,306.00	0.00	322.95	322.95
Grand totals: 1000 - EQUIPMENT (1 assets)			4,306.00	0.00	4,306.00	0.00	322.95	322.95
Grand totals for all accounts: (1 assets)			4,306.00	0.00	4,306.00	0.00	322.95	322.95

Codes that may appear next to the date acquired include: A - Addition, D - Disposal, T - Traded, MQ - Mid Quarter Applied

Additional Summary Statistics for Assets:									
	Cost	Salvage Value	Salvage Value	Depreciable Basis	Beginning Accum. Depr.	Current Depreciation	Ending Accum. Depr.	Net Book Value	
Grand Totals for all Assets	4,306.00	0.00	0.00	4,306.00	0.00	322.95	322.95	3,983.05	
Less: Inactive Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Disposed Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Traded Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Net Totals (Active Assets)	4,306.00	0.00	0.00	4,306.00	0.00	322.95	322.95	3,983.05	







# Wastewater Treatment Plant Operator

Class II Certification No. 13390

Given under our hands this 26<sup>th</sup> day of April, 2004

at Frankfort, Kentucky.

*[Signature]*  
 DIRECTOR, DIVISION OF WATER

*[Signature]*  
 SECRETARY, ENVIRONMENTAL AND PUBLIC PROTECTION CABINET  
*[Signature]*  
 COMMISSIONER, DEPARTMENT FOR ENVIRONMENTAL PROTECTION