

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE  
COMMISSION

In the Matter of:

THE APPLICATION OF FARMDALE DEVELOPMENT )  
CORPORATION FOR AN ADJUSTMENT OF RATES ) CASE NO. 2006-00028  
PURSUANT TO THE ALTERNATIVE RATE FILING )  
PROCEDURE FOR SMALL UTILITIES )

**FARMDALE DEVELOPMENT CORPORATION'S RESPONSE  
TO THE COMMENTS, QUESTIONS AND REQUEST  
FROM INTERVENORS, KENNY AND MARILYNN**

Comes Farmdale Development Corporation (hereinafter "Farmdale"), by counsel, and for its Response to the Comments, Questions and Request (hereinafter "Request") for Intervenors, Kenny and Marilynn Glass, states as follows:

The Request filed by the Intervenors primarily objects to Farmdale's Answers to the Commission Staff's First Information Request to Farmdale. The First Information Request directed Farmdale to provide information concerning items at the WWTP to be repaired or replaced and to "provide bids or estimates from 3 non-affiliated sources to support each of Farmdale's cost estimates." Upon receipt of the First Information Request Farmdale, to the best of its ability, sought and obtained bids or estimates for each of the items to be repaired or replaced and submitted this information to the Commission. Farmdale therefore properly answered the First Information Request.

The Intervenors primarily object to Farmdale's Answers on the basis that Farmdale did not submit a complete set of specifications, the bids are not from non-affiliated sources and were not signed or dated by an authorized person. However, a review of Farmdale's Answers establishes that the Intervenors' objections are without merit. The objection that Farmdale did

not submit a complete set of specifications is without merit as there is no requirement to submit a complete set of specifications, and the quotes submitted by the bidders showed they had sufficient information with which to prepare a bid.

With respect to the objection that Farmdale did not submit quotes from non-affiliated companies, the Answers establish that this is not the case as the company's submitting quotes - Murphy's Excavating, Martin's Pipeline Inspection, Pipe Eyes, LLC, HA Resources, Smither Consulting Company, Kentucky Service Company, D & F Distributors, Inc., Tipton Environmental International, Inc., Je Be Co. and Quality Controls, Inc., are all non-affiliated companies. This objection should also be rejected. A review of the Answers also establishes that the quotes were dated and issued in each company's format identifying the company submitting the quote, the amount of the quote and any necessary additional information. Therefore, the objection that the bids were not signed or dated by an authorized person is also without merit. Likewise, the objection that the quotes were not date stamped as to when they were received has no merit.

The specific objections made by the Intervenors show that they only gave a cursory review to Farmdale's Answers. For the repairs to the system, Murphy's Excavating provided a quote identifying each of the locations requiring the removal of roots and the repair of misaligned and broken piping. Martin's Pipeline Inspection and Pipe Eyes, LLC reviewed the video tape of the system prepared by Murphy's Excavating, but were unable to determine the work needed to the system based on their review of same. These two companies then submitted quotes to video the system's lines to clean and remove the roots from the lines, and to provide Root X treatment. Both Martin's Pipeline Inspection and Pipe Eyes, LLC provide

quotes on a per foot basis. The quote provided by Covered Bridge Utilities, Inc., is merely to address the supervision of the work performed by the collection system contractors.

Therefore, the information requested by the Commission was provided.

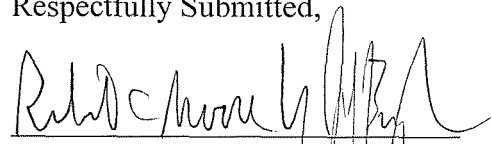
With respect to pumping and cleaning the lagoon, Farmdale was only able to obtain a quote from HA Resource Management, as it was unable to obtain a quote from the other vendor working in this area, James C. Headden Company. The quote is to remove the transport upon to 500,000 gallons of sludge. The Intervenors suggest that other contractors can remove and dispose of sewer sludge, but fail to indicate whether these other contractors can remove the dispose of such large amounts of sludge or merely offer services to residences. This objection should be rejected.

With respect to the replacement of the remote lift station, the chlorine tank and the standby blower motor assembly, the requested three quotes were provided for each of these items. Several vendors declined to include the cost to install the items because they do not offer this service. However, Farmdale did include quotes that included installation costs.

Additional quotes were not provided to repair and replace the diffuser drop pipes and the lift station grating, and the temporary repairs, as this work needed to be completed while this case was under consideration in order for the WWTP to continue to operate effectively and efficiently. With respect to small plant maintenance, cleaning and scraping the entire small plant is not normal maintenance. These objections should also be rejected.

In conclusion, Farmdale's Answers, including the attachments, were responsive to the First Information Request. The Request of the Intervenors should therefore be denied. Farmdale hereby requests the Commission to approve its Application for Adjustment of Rates.

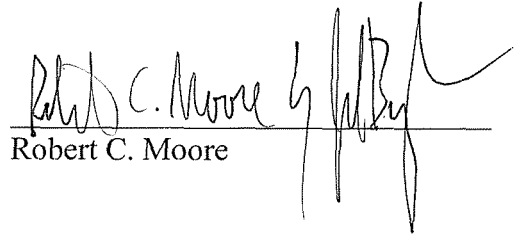
Respectfully Submitted,



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### CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by first class mail, postage prepaid, on David Edward Spenard, Assistant Attorney General, 1024 Capital Center Drive, Suite 200, Frankfort, Ky., 40601-8204, Beverly J. Hunt, 304 Peachtree Road, Frankfort, Kentucky 40601-8141, Kenny and Marilyn Glass, 223 Briarwood Drive, Frankfort, Kentucky 40601 and Mary Pennington, 210 Cherry Lane, Frankfort, Kentucky 40601, on this the 23<sup>rd</sup> day of January, 2007.



Robert C. Moore