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Mark David Goss
Chairman

Teresa J. Hill, Secretary
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Commonwealth of Kentucky
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John W. Clay
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Christopher L. Lilly
Commissioner
Department of Public Protection

November 8, 2006

Robert C. Moore, Esq.
Hazelrigg & Cox, LLP
P. O. Box 676
Frankfort, Kentucky 40602

Mr. Carroll F. Cogan
Farmdale Development Corporation
1706 Bardstown Road
Louisville, Kentucky 40205

Ms. Beverly J. Hunt
304 Peachtree Road
Frankfort, Kentucky 40601-8141

Mr. and Mrs. Kenny Glass
223 Briarwood Drive
Frankfort, Kentucky 40601

David Edward Spenard, Esq.
Office of the Attorney General
Utility & Rate Intervention Division
1024 Capital Center Drive
Suite 200
Frankfort, Kentucky 40601-8204

Ms. Mary Pennington
210 Cherry Lane
Frankfort, Kentucky 40601

Re: Case No. 2006-00028

Ladies and Gentlemen:

The enclosed memorandum has been filed in the record of the above-referenced case. Any comments regarding this memorandum's contents should be submitted to the Commission within five days of receipt of this letter. Any questions regarding this memorandum should be directed to Gerald Wuetcher, Deputy General Counsel, at (502) 564-3940, Extension 259.

Sincerely,

Beth O'Donnell
Executive Director

gw
Enclosure

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File No. 2006-00028

FROM: Gerald Wuetcher *GEW*
Deputy General Counsel

DATE: November 8, 2006

RE: Conference of October 26, 2006

On October 26, 2006, the Commission held an informal conference in this case in the Commission's offices in Frankfort, Kentucky. Present were:

Carroll F. Cogan	-	Farmdale Development Corporation
Robert Moore	-	Farmdale Development Corporation
Larry Smither	-	Farmdale Development Corporation
David E. Spenard	-	Office of Attorney General
Mary Pennington	-	Intervenor
Robert Cowan	-	Commission Staff
Mark Frost	-	Commission Staff
Dennis Jones	-	Commission Staff
Jack Kaninberg	-	Commission Staff
Sam Reid	-	Commission Staff
Bob Robards	-	Commission Staff
Jess Thompson	-	Commission Staff
George Wakim	-	Commission Staff
Gerald Wuetcher	-	Commission Staff

Upon Farmdale Development Corporation's ("Farmdale") motion, the Commission by Order of October 20, 2006, ordered that the conference be convened.

Beginning the conference, Mr. Wuetcher stated that Commission Staff would prepare minutes of the conference for the case record, that a copy of these minutes would be provided to all parties, and that all parties would be given an opportunity to submit written comments upon those minutes.

Mr. Moore briefly discussed the procedural history of this case. He stated that Farmdale was concerned about the slow pace of the proceeding and requested the conference to ascertain the actions that Farmdale could take to facilitate a Commission decision. Mr. Moore then provided a report (Attachment 1) that Murphy's Excavating prepared on the proposed improvements and repairs to the Farmdale sewage collection and treatment facilities.

Mr. Wuetcher noted that Farmdale has been requested to provide supplier/contractor estimates to support certain elements of the proposed surcharge. These estimates must be submitted no later than November 20, 2006. After some discussion, Commission Staff stated that it anticipates its report on the proposed rate adjustment to be issued on or about December 1, 2006.

Mr. Wuetcher stated that Commission Staff may conclude that, due to the high level of certain expenditures and their effect on the life of existing sewer plant, some of the proposed actions for which the surcharge is sought may not be in the ordinary course of business and require a certificate of public convenience and necessity. In that instance, Commission Staff may recommend that a portion of the requested surcharge be denied due to the lack of any application for a certificate. Mr. Wuetcher suggested that Commission Staff may make recommendations to take into account these differing scenarios.

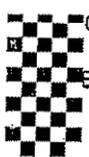
Mr. Kaninberg questioned how long the repairs/replacements are expected to last. Mr. Cogan responded that the proposed work should be considered a repair and should be expected to last between 35 and 40 years, and easily 30 years. Mr. Smither added that, given that the subdivision is now built out, no further problems with the sewer collection lines are expected after completion of the proposed repairs.

Ms. Pennington questioned whether the Murphy estimate contained additional items. Mr. Moore responded that the report merely explained the proposed repairs in greater detail.

The conference was then adjourned.

Attachment

cc: Parties of Record



Carroll F. Cogan
3001 Hayfield Drive
Louisville, Kentucky 40205

Fax

DATE: _____

TO:

Rob Moore

FROM:

Carroll F Cogan

502) 452-6205
502) 452-2635
502) 558-5500
502) 452-6585

Number

RE:

COMM

Murphy
BID
REVISION

7 PAGES

MURPHYS EXCAVATING
 379 BROOKSVIEW CR.
 BROOKS, KY. 40109
 PHONE-9573775
 10-18-05

COVERED BRIDGE UTILITIES
 ESTIMATE OF REPAIRS
 FARMDALE COMMUNITY

- THE FOLLOWING IS A LIST OF PROBLEMS THAT NEED TO BE REPAIRED:
- SEWER SYSTEM HAS A LOT OF WATER INFILTRATION, LARGE AMOUNT OF ROOTS, & MISALIGNED PIPING. THE WHOLE SYSTEM CONSISTS OF TERRA COTTA PIPE.
- THE FOLLOWING IS A SUMMERY OF REPAIRS & COST.
 - CHERRY LN.:
 - #210 CHERRY LN.—ROOTS AT 6 LOCATIONS—
 - DIG UP & REPLACE PIPING 4 LOCATIONS -----\$3800.00
 - #216 CHERRY LN.—THREE LARGE ROOTS-90% BLOCKED.—PIPING MISALIGNED, WATER INFILTRATION.
 - DIG UP & REPLACE PIPING 4 LOCATIONS-----\$3,800.00
 - #222—CHERRY LN.—AT END OF STREET, BOTH SIDES OF MANHOLE HAS LARGE AMT. OF ROOTS.
 - REMOVE ALL PIPING, BOTH SIDES OF MANHOLE, CORE DRILL & INSTALL NEW P.V.C. PIPING-----\$3,600.00
 - #214 CHERRY LN.—BAD ROOTS BETWEEN LAST TWO MANHOLES.
 - REPAIR 2 BAD SECTIONS OF PIPING-----\$2,700.00
 - #230 CHERRY LN.—ROOTS AT 4 LOCATIONS, BAD P.S.C.
 - DIG UP, REPLACE PIPING 3 LOCATIONS & REPLACE BAD P.S.C. AT MAIN-----\$4,250.00

- #232 CHERRY LN.—ROOTS AT 8 LOCATIONS., MISALIGNED PIPING, WATER INFILTRATION.
- DIG UP & REPLACE PIPING AT 4 LOCATIONS, REPLACE P.S.C. AT MAIN-----\$4,600.00
- #240 CHERRY LN.—ROOTS AT 4 LOCATIONS.
- DIG UP & REPLACE PIPING AT 3 LOCATIONS-----\$2,760.00
- #248 CHERRY LN.—ROOTS DOWNHILL, 3 LOCATIONS.
- DIG UP REPLACE PIPING 3 LOCATIONS-----\$2,850.00
- #251 CHERRY LN.—ROOTS AT 3 LOCATIONS, BAD P.S.C.
- DIG UP & REPLACE PIPING,3 LOCATIONS , REPLACE BAD P.S.C. AT MAIN-----, -----\$3,200.00
- #254 CHERRY LN., BAD P.S.C. AT MAIN. & BAD CONNECTIONS IN MANHOLE, ROCK & DEBRIS IN BOTTOM. LOTS OF WATER INFILTRATION
- REPLACE BAD P.S.C., REPAIR MANHOLE, CORE DRILL & INSTALL NEW PIPING, BOTH SIDES-----\$3,850.00
- TOTAL FOR CHERRY LN.-----\$35,410.00

STRAWBERRY LN.:

- #92 STRAWBERRY LN.—ROOTS 2 LOCATIONS.
- REPLACE BAD PIPING 2 LOCATIONS-----\$2,625.00
- #94 STRAWBERRY LN.—ROOTS 2 LOCATIONS.BAD P.S.C.
- DIG UP REPLACE PIPING 2 LOCATIONS, REPLACE BAD P.S.C. AT MAIN-----\$3,600.00
- #96 STRAWBERRY LN.—BAD ROOTS 3 LOCATIONS,BAD P.S.C., WATER INFILTRATION.
- REPLACE BAD PIPING, 3 LOCATIONS, REPLACE BAD P.S.C.-----\$3,875.00

- #101 STRAWBERRY LN.—ROOTS 3 LOCATIONS.
- DIG UP & REPLACE PIPING, 3 LOCATIONS-----\$3,250.00

- #107 STRAWBERRY LN.—ROOTS 2 LOCATIONS.
- DIG UP & REPLACE BAD PIPING, 2 LOCATION----\$2,660.00

- #110 STRAWBERRY LN.—LOTS OF ROOTS & DEBRIS,
MISALIGNED PIPING.
- DIG UP & REPLACE 3 LOCATIONS-----\$3,250.00

- #230 STRAWBERRY LN.—BAD ROOTS 4 LOCATIONS.
- DIG UP & REPLACE PIPING, 4 LOCATIONS-----\$3,850.00

- TOTAL FOR STRAWBERRY LN.-----\$23,110.00

STABLE LN.

- #109—ROOTS 6 LOCATIONS, MISALIGNED PIPING, WATER
INFILTRATION.
- DIG UP & REPLACE PIPING, 5 LOCATIONS-----\$4,350.00

- #112—ROOTS AT THREE LOCATIONS, BAD PIPING
CONNECTIONS AROUND INLET & OUTLET OF MANHOLE,
ROCK, DEBRIS, WATER & ROOTS.
- DIG UP & REPLACE PIPING, 3 LOCATIONS, CORE DRILL &
REPLACE PIPING AT MANHOLE, ON INLET & OUTLET
-----\$3,476.00

- #119---ROOTS AT 4 LOCATIONS, BAD P.S.C.
- DIG UP & REPLACE BAD PIPING AT 4 LOCATIONS &
REPLACE BAD P.S.C.-----\$3,850.00

- TOTAL FOR STABLE LN.-----\$11,676.00

FURROW LN.

- #105 – MANHOLE COVERED, NEED TO LOCATE & INSTALL RISER TO SURFACE.
- LOCATE MANHOLE, EXCAVATE AREA, INSTALL APPROX. 2FT. OF RISERS, RESEAL, BACKFILL-----
-----\$1,650.00
- #108--ROOTS 4 LOCATIONS. MISALIGNED PIPING.
- REPLACE PIPING, 4 LOCATIONS-----\$3,820.00
- TOTAL OF FURROW LN.-----\$5,470.00

APPLE LN.

- #233—ROOTS BOTH SIDES OF MANHOLE , BAD PIPING CONNECTIONS, & ROOTS AT 8 LOCATIONS, BAD P.S.C.
- DIG UP & REPAIR 4 LOCATIONS, REPAIR BOTH SIDES OF MANHOLE, CORE DRILL, INSTALL NEW PIPING----\$4,600.00
- TOTAL OF APPLE LN.-----\$4,600.00

BRIARWOOD HILL

- # 120: ROOTS AT 6 LOCATIONS. MISALIGNED PIPING.
- DIG UP & REPAIR 5 LOCATIONS-----\$4,250.00
- #188: ROOTS AT 3 LOCATIONS. BAD AT 2 LOCATIONS.
- DIG UP & REPLACE PIPING, 3 LOCATIONS-----\$2,650.00
- #206: BAD P.S.C. AT MAIN. MISALIGNED PIPING 2 LOCATIONS.
- REPAIR 2 LOCATION, REPLACE 12FT. OF PIPING, REPLACE BAD P.S.C. AT MAIN-----\$3,750.00
- #223: ROOTS 3 LOCATIONS, 90% BLOCKED.
- DIG UP & REPLACE PIPING 3 LOCATIONS-----\$3,860.00

- BAD MANHOLE, CORNER OF BRIARWOOD & ELWOOD:
COULDN'T FIND MANHOLE, LOCATE, REPAIR & INSTALL
RISERS TO SURFACE.
- LOCATE MANHOLE, EXCAVATE AREA, INSTALL RISERS-
-----\$1,850.00
- TOTAL FOR BRIARWOOD HILL-----\$16,360.00

FARMERS LN.

- MANHOLE AT INTERSECTION OF FARMERS LN. &
PEACHTREE HAS LARGE AMOUNT OF ROOTS ,
DEBRIS, & BAD PIPE CONNECTIONS.
- CUT & REMOVE PAVEMENT, CORE DIRLL NEW HOLES
FOR MANHOLE, INSTALL NEW PIPING & REPAVE-----
-----\$2,600.00
- #103 --ROOTS AT 4 LOCATIONS,& MISALIGNED PIPING.
• DIG UP & REPAIR 4 LOCATIONS-----\$3,860.00
- #107 --ROOTS AT 3 LOCATIONS.& BAD P.S.C.
• DIG UP & REPAIR 3 LOCATIONS & REPLACE BAD P.S.C.
CONNECTION AT MAIN-----\$3,812.00
- #113 --ROOTS AT 4 LOCATIONS, & MISALIGNED
PIPING.
- DIG UP & REPAIR 4 LOCATIONS-REPLACE BAD
PIPING-----\$3,812.00
- TOTAL FOR FARMERS LN.-----\$14,084.00

PLUMB STREET

- UP PLUMB STREET FROM STRAWBERRY—ROOTS AT 4
LOCATIONS. MISALIGNED PIPING.
 - DIG UP & REPLACE BAD PIPING, 3 LOCATIONS---\$1,850.00
- TOTAL FOR PLUMB ST.
\$1,850.00

ALL REPAIRS WILL BE BACKFILLED, REPAVED, RECONCRETE &
RESTORED TO ORIGINAL CONDITION

TOTAL COST OF ALL REPAIRS -PARTS & LABOR

\$112,560.00

ONE HUNDRED TWELVE THOUSAND, FIVE HUNDRED SIXTY
DOLLARS

THANK YOU,

JOE MURPHY

MURPHYS EXCAVATING