

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

IN THE MATTER OF:

OCT 25 2006

In the Matter of:

PUBLIC SERVICE
COMMISSION

APPLICATION OF FARMDALE DEVELOPMENT)
CORPORATION FOR A CERTIFICATE OF)
CONVENIENCE AND NECESSITY, AUTHORITY)
TO MAKE REPAIRS AND SURCHARGE FOR SAME)

CASE NO. 2006-00209

**PRE-FILED
TESTIMONY OF LAWRENCE W. SMITHER**

1. What is your name and business address?

Answer: My name is Lawrence W. Smither, and my business address at Smither Consulting is P. O. Box 1077, 3906 North Camden Lane, Crestwood, Kentucky 40014.

2. What is your relationship to Farmdale Development Corporation (“Farmdale”)?

Answer: Smither Consulting Company obtained the information and prepared the quote for the repairs required at the Farmdale Wastewater Treatment Plant (“WWTP”), including the replacement of the remote lift station. I am also an employee and owner of Covered Bridge Utilities, Inc. (“Covered Bridge”) and Covered Bridge has operated the Farmdale WWTP since approximately May 2005. Furthermore, since May 2005, I have been listed by the Kentucky Division of Water as the operator of record of the Farmdale WWTP. Covered Bridge has also performed repair work at the Farmdale WWTP, including repairs to the remote lift station. I was also an employee/owner of Andriot-Davidson, Company, another company that operated the Farmdale WWTP and which made necessary repairs to same. I supervised the individual that operated the Farmdale WWTP for the Andriot-Davidson Company.

3. Please provide a general description of the Farmdale WWTP.

Answer: The Farmdale WWTP is a package, extended aeration wastewater treatment plant manufactured by Clow that has a collection system with a remote lift station. The effluent from the Farmdale WWTP is discharged into a tertiary lagoon. The discharge from the tertiary lagoon is disinfected in a chlorine contact chamber prior to discharge to the receiving stream. The average daily treatment capacity of the Farmdale WWTP is 85,000 gallons. The plant consistently meets state water quality standards, but many parts of the plant and collection system are in need of repair. The remote lift station needs to be replaced due to its poor condition.

4. Please describe the remote lift station that is the subject of this Petition for Certificate of Convenience and Necessity.

Answer: The remote lift station for the Farmdale WWTP has been in operation since the late 1960s. This remote lift station, consisting of a 60 inch by 10 foot fiberglass basin, two 5 horse power 230 volt three phase grinder pumps, guide rail assemblies and control panel, is in very poor condition and needs to be replaced immediately. For example, the guide rails attached to the guide rail assemblies to the remote lift station have completely rusted through. The tow pumps are very old and in poor condition. The fiberglass basin is cracked and chipped, and the steel door is rusted through. The remote lift station is in such poor condition that it would be fruitless to make further attempts to repair same.

5. Please describe the maintenance and repairs performed on the remote lift station in late 2005 and 2006 and describe its condition.

Answer: The remote lift station is in a failing condition and it immediately needs to be replaced. The fiberglass basin requires replacement, as do the two pumps installed in the lift

station and the guide rails. The Number 1 pump at the remote lift station was removed on February 8, 2006, after it failed and was then delivered to Quality Electric for repair. Temporary on-site repairs were made to the Number 2 pump at that time, and it was reinstalled and placed back in service. Service was again performed on the Number 2 pump on February 9, 2006 and February 18, 2006, in an attempt to keep the remote lift station operational. On February 24, 2006, the Number 1 pump was picked up from Quality Electric after the repairs to same had been completed and it was reinstalled in the remote lift station. The Number 2 pump was then removed and delivered to Quality Electric for repair. This pump was reinstalled after repair by Quality Electric. The repairs to the two pumps in the remote lift station are only temporary repairs, and either or both pumps could fail at any time.

6. What was the total cost of the repairs to the remote lift station and other steps necessary to keep it operational?

Answer: The cost of the on-site repairs to the pumps, the repairs by Quality Electric and the re-installation of the pumps, which is only a temporary fix, was \$5,238.56. A new Ebara 5 horsepower grinder pump has been ordered at a cost of \$2,701.41, plus freight and tax, and an installation cost of \$400 will be incurred when it is placed into the remote lift station when the old Number 1 and Number 2 pumps fail. Therefore, the total cost incurred by Farmdale to temporarily keep the remote lift station operational is \$8,339.97.

7. What is the total cost to replace the remote lift station?

Answer: The quote provided on September 27, 2005 by Smither Consulting Company indicated that it would cost \$30,425 to replace the remote lift station. This quote is attached as Exhibit A to my Pre-Filed Testimony. The cost of the new grinder pump and installation of

same, \$3,101.41, is included in the \$30,425 cost to replace the entire lift station. The prices included in the quote of Smither Consulting Company are from September of 2005 and since that time prices have continued to increase. For example, the prices of the two pumps in the lift station have gone up two times since September 2005. Accordingly, it is anticipated that the cost to replace the remote lift station has increased by 10% since September of 2005.

8. Why is the remote lift station required?

Answer: The remote lift station is necessary to pump the wastewater from a number of houses in the Farmdale subdivision to the Farmdale WWTP. The wastewater from these houses will not gravity-flow to the Farmdale WWTP.

9. Has the remote lift station been properly maintained by Farmdale and if so, why does it need to be replaced?

Answer: Yes, Farmdale has properly maintained the remote lift station, and it needs to be replaced because it is worn out after approximately 40 years in service.

10. What steps have been taken to maintain the remote lift station since Farmdale became the owner and operator of the Farmdale WWTP?

Answer: Farmdale, its employees, subcontractors or operators, have performed preventative maintenance and repairs on the remote lift station, enabling it to remain in operation for approximately 40 years.

11. If the Certificate for Convenience and Necessity is granted, how long will it take to replace the remote lift station?

Answer: It will take approximately two months to receive the new remote lift station once the order is placed. Thereafter, it will take another 30 days to complete the installation.

12. Does this conclude your pre-filed testimony?

Answer: Yes.

Lawrence W. Smither

STATE OF KENTUCKY

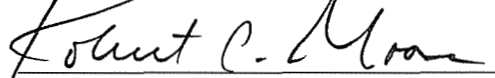
COUNTY OF _____

SUBSCRIBED AND SWORN to before me by Lawrence W. Smither, this the _____ day
of _____, 2006.

My Commission expires: _____.

NOTARY PUBLIC

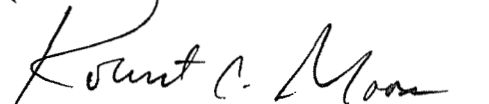
Respectfully Submitted,



Robert C. Moore
Hazelrigg & Cox, LLP
415 West Main Street, 1st Floor
P.O. Box 676
Frankfort, Kentucky 40602-0676

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by first class mail, postage prepaid and by facsimile on David Edward Spenard, Assistant Attorney General, 1024 Capital Center Drive, Suite 200, Frankfort, Ky., 40601-8204, and by first class mail, postage prepaid on 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 25th day of October, 2006.



Robert C. Moore

**Smither Consulting Company
P. O. Box 1077
Louisville, KY 40014**

September 27, 2005

Revised Quote

Mr. Carroll Cogan
Farmdale Utilities
1706 Bardstown Road
Louisville, KY 40205

Re: Farmdale WWTP

Dear Mr. Cogan:

For your information, the following items of repair or replacement need to be considered for the very near future at the referenced facility:

1. The old grating on top of the lift station at the plant is deteriorated to the point that it is unsafe to step on. New grating needs to be installed.

\$1,405.00 Installed

2. The larger plant needs new diffuser drop pipes complete with diffusers. There are fourteen (14) drops in all.

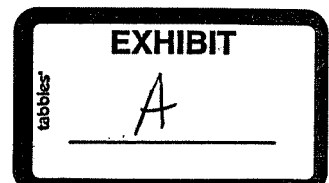
\$4,120.00 Installed

3. The small plant needs to be cleaned, scraped and painted outside and to the water line on the inside.

\$3,050.00

4. The small plant also needs a standby blower motor assembly. If the existing blower, which is quite old, should need repair there would then be nothing to aerate that plant. A new Roots 45 UR4I blower-motor assembly, complete with mounting base, all accessories, duplex control panel and installation would cost

\$9,320.00



5. The existing chlorine contact tank is in very bad condition and needs to be replaced with a new 1700 gallon steel tank.

\$17,225.00 Installed

Note: I would recommend that this be done after the tertiary lagoon is pumped down and cleaned out and before the secondary effluent is routed back into the lagoon.

6. The remote lift station, which consists of a 60" x 10' fiberglass basin, two (2) 5 H.P. 230 volt 3 phase grinder pumps, guide rail assemblies and control panel, is also in very bad condition and needs to be completely replaced.

\$30,425.00

Note: This price includes taking down the fence, removing trees, excavating around the existing station, furnishing the new fiberglass basin, pumps, control panel, taking out the old station, installing the new, making external piping connections, electric connections, back fill, finish grade, and reinstall the fence. Does not include tank truck expense to haul sewage away while station is out of service.

The above pricing is good to the end of 2005. After that some increase may be necessary. Steel prices keep going up and the supplier of the lift station will probably have an increase of about 3 to 4% after the first of the year.

No sales tax has been included.

If you have any questions or need additional information, please let me know.

Sincerely,

Lawrence W. Smither