

Farmdale Development Corporation
1706 Bardstown Road
Louisville, KY 40205-1212
238-3301 / Fax 238-3329

October 1, 2007

RECEIVED

OCT 03 2007

PUBLIC SERVICE
COMMISSION

KY Public Service Commission
P. O. Box 615
Frankfort, KY 40602

Re: Application for an Adjustment in Rates Pursuant to
The Alternative Rate Filing Procedure for Small Utilities

Gentlemen:

This is an application to request Commission approval for an increase in Farmdale Development Corporation Sewage Treatment Plant's rate pursuant to the Alternative Rate Filing Procedure for Small Utilities. Attached is the completed "ARF Application."

The Company has mailed written notice of the proposed rate change and the estimated amount of increase per customer class to each customer. A Copy of the customer notification letter and affidavit from the Company's Owner verifying that the notice has been mailed to each customer is enclosed.

A copy of this application and related filings has been sent to the Office of the Attorney General, State Capitol Building, Suite 118, Frankfort, KY 40601.

Sincerely,
Farmdale Development Corporation

Carroll F. Cogan, Pres.
Carroll F. Cogan, President
By L. Wood

Enclosure

CC: Office of the Attorney General
Robert C. Moore, Attorney

Farmdale Development Corporation
Application for Rate Adjustment
September 20, 2007

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to Assist in Rate Application Preparation

Farmdale Development Corporation
Application for Rate Adjustment
September 20, 2007

I. Application for Rate Adjustment

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APPLICATION FOR RATE ADJUSTMENT
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

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

Farmdale Development Corporation

Name of Utility

1706 Bardstown Road

Louisville, KY 40205

Business Mailing Address

Telephone Number 502/ 238-3301

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: Carroll F. Cogan

Address: 1706 Bardstown Road

Louisville, KY 40205

Telephone Number: 502/ 238-3301

- | | | | |
|----|---|-----|----|
| 1) | Do you have less than 500 customers? | Yes | XX |
| 2) | Do you have less than \$300,000 in Gross Annual Revenue? | Yes | XX |
| 3) | Has the utility filed an annual report with this Commission for the past year and the two previous years? | Yes | XX |
| 4) | Are the utility's records kept separate from any other commonly-owned enterprise? | Yes | XX |

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, 2006.
- 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.

Item Per Annual Report	Amount Per Annual Report	Increase (Decrease)	Adjusted Amount
Revenue	\$ 80,976	\$ 42,653	\$123,629

Revenue has been increased from the amount shown in the annual report (\$53,273) to allow for the new rate approved of \$28.00 for 241 customers.

Total Revenue	<u>\$ 80,976</u>	<u>\$ 42,653</u>	<u>\$123,629</u>
Expense			

Schedule Attached – Exhibit A

Total Expense	<u>\$ 96,770</u>	<u>\$ 13,055</u>	<u>\$109,825</u>
---------------	------------------	------------------	------------------

Revenue Less Expense	<u>\$(15,794)</u>	<u>\$ 29,598</u>	<u>\$ 13,804</u>
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- 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).

Schedule Attached

- 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:

<u>Customer Class</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Percent Increase</u>
Flat Residential Rate	28.00	42.75	52.64%

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).
 - 2) Total number of customers as of the date of filing: 241
 - 3) Total amount of increased revenue requested: \$ 42,653
 - 4) Please circle Yes or No:
 - a) Does the utility have outstanding indebtedness? Yes XX
 - b) Were all revenues and expenses listed in the Annual Report for 2006 incurred and collected from January 1 to December 31 of that year? Yes XX

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 arrived at.

- 5) If utility expenses depreciation, attach a copy of the depreciation schedule of utility plant in service.
- 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
62.7 %?
(If unknown, state the reason.)

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

Farmdale Development Corporation has incurred debt to make capital improvements to the treatment plant as previously approved by the Public Service Commission and is requesting the interest expense to be included in the revised rate. In addition, the current rate is not adequate to cover operating expenses.

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
211 Sower Boulevard
P. O. Box 615
Frankfort, Kentucky 40602

Telephone: 502/564-3940

- b. One copy of the completed Application should also be sent at the same time to:

Public Service Litigation Branch
Office of the Attorney General
P. O. 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: _____

President
October 1, 2007

NAME OF UTILITY: Farmdale Development Corporation
 INCREASED COST INFORMATION
 EXHIBIT A

EXPENSE	AMOUNT PER ANNUAL REPORT	INCREASE (DECREASE)	ADJUSTED AMOUNT
Management Fee	\$ 9,600.00	-	\$ 9,600.00
Sludge Hauling	5,450.00	-	5,450.00
Utility Service - Water Cost	1,646.00	-	1,646.00
Other - Labor	7,485.00	315.00	7,800.00
Fuel and Power	19,150.00	-	19,150.00
Chemicals	2,402.00	-	2,402.00
Routine Maintenance Fee	11,370.00	(1,650.00)	9,720.00
Maintenance of Collection System	350.00	-	350.00
Maintenance of Treatment Plant	19,712.00	(13,091.00)	6,621.00
Maintenance of Other Facilities	1,540.00	-	1,540.00
Agency Collection Fee	7,991.00	14,943.00	22,934.00
Office Supplies	278.00	-	278.00
Outside Services Employed	5,709.00	(1,980.00)	3,729.00
Insurance Expense	543.00	-	543.00
Regulatory Commission Expense	590.00	-	590.00
Transportation Expenses	-	-	-
Miscellaneous Expenses	26.00	-	26.00
Rents	600.00	-	600.00
Depreciation	118.00	3,081.00	3,199.00
Amortization	-	3,734.00	3,734.00
Taxes Other Than Income Taxes	1,142.00	-	1,142.00
Income Taxes	175.00	-	175.00
Interest Expense	893.00	7,703.00	8,596.00
TOTAL EXPENSE	\$ 96,770.00	\$ 13,055.00	\$ 109,825.00

c. Legal fees incurred with Hazelrigg & Cox, Attorneys, of \$5,000 for previous rate case amortized over 5 years.	1,000
d. Preparation of current rate case application fee charged by Logsdon & Co., PC, CPAs, of \$2,000 amortized over 3 years.	667
e. Estimated legal fees with Hazelrigg & Cox, Attorneys, of \$3,000 for current rate case amortized over 5 years.	600
f. Loan commitment fee of \$1,500 charged by Old National Bank for funds borrowed to make capital improvements approved by Public Service Commission amortized over 5 years.	300
	<u>1,567</u>
	\$ 1,567

8. Interest Expense

a. Total interest expense of \$31,413 for 5 years amortized on a straight-line basis for funds borrowed to make capital improvements approved by Public Service Commission. A copy of the note and amortization schedule is attached.	\$ 6,283
b. Annual interest expense on a one year renewable \$25,000 loan from National City Bank at 9.25%	2,313
	<u>8,596</u>
	\$ 8,596

FARMDALE DEVELOPMENT CORPORATION
 FIXED ASSET SCHEDULE
 EXHIBIT C

<u>Description</u>	<u>Date</u>	<u>Cost</u>	<u>Life (yrs)</u>	<u>Annual Depreciation</u>
Equipment Repair - Quality Electric	4/18/2005	\$ 593	5	\$ 119
Grainger Timeclock	5/10/2005	254	5	51
Flow Meter Rollers	5/19/2005	429	5	86
Stevens Monitoring Floats	9/29/2005	423	5	85
Camden Environmental Ejctor	12/2/2005	415	5	83
Diffuser Drop Pipes	*	4,104	3	1,368
Lift Station Grating	*	647	3	216
Temporary Repairs	*	8,340	7	1,191
				<u>\$ 3,199</u>

* Previous rate case adjustments allowed by Public Service Commission.

EXHIBIT D
RATE AND SURCHARGE CALCULATIONS

Revenue Requirement Determination

Pro Forma Operating Expenses .	\$ 109,825
Less Interest	<u>(8,596)</u>
	\$ 101,229
Divided by: Operating Ratio	<u>88%</u>
	\$ 115,033
Add Interest	<u>8,596</u>
Revenue Requirement from Rates	<u>\$ 123,629</u>

Increase in Operating Revenue from Rates

Revenue Requirement from Rates	\$ 123,629
Less: Normalized Operating Revenue from Rates	<u>(80,976)</u>
Requested Increase	<u>\$ 42,653</u>

Determination of Requested Monthly Rate

Revenue Requirement from Rates	\$ 123,629
Divided by: 12 Months	<u>12</u>
Monthly Revenue Requirement	\$ 10,302
Divided by: End-of-Period Customer Level	<u>241</u>
Monthly Rate per Customer	<u>\$ 42.75</u>

Executive Director
KY Public Service Commission
P. O. Box 615
Frankfort, KY 40602-0615

Dear Ms. Beth O'Donnell:

This letter is to certify that Farmdale Development Corporation Sewage Treatment Plant has sent notice of the proposed rate increases to each of its customers by mail. A copy of the notice is enclosed. The notices were mailed on September 12, 2007 by U. S. Postal Service.

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Notice

This is to inform you that Farmdale Development Corporation Sewage Treatment Plant is requesting an increase in the sewer rates as follows:

	<u>Existing</u>	<u>Proposed</u>	<u>Percentage Increase</u>
Flat Monthly Residential	\$28.00	\$42.75	52.64%

The rates contained in this notice are the rates proposed by the Farmdale Development Corporation Sewage Treatment Plant. However, the Public Service Commission may order rates to be charged that are higher or lower than the rates proposed in this notice.

The proposed increase in rates is necessary to pay the interest costs to be incurred on financing obtained to pay for upgrades to the system while waiting for sufficient surcharge funds to accrue and to pay for additional fees charged by Farmdale Water District for billing services.

It also includes increases in normal operating expenses which have occurred since the filing of the last rate case, which was filed in early 2006 based upon the 2005 annual report income and expense.

Any corporation, association, 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, 211 Sower Boulevard, P. O. Box 615, Frankfort, Kentucky, 40602, and shall set forth the grounds for the motion, including the status and interest of the party movant.

Copies of the application may be obtained at no charge from Farmdale Development Corporation Sewage Treatment Plant at 1706 Bardstown Road, Louisville, Kentucky, 40205. Upon request from an intervenor, the applicant shall furnish to the intervenor a copy of the application and supporting documents.

Farmdale Development Corporation Sewage Treatment Plant

Farmdale Development Corporation
Application for Rate Adjustment
September 20, 2007

II. Promissory Note & Amortization Schedule

PROMISSORY NOTE

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$150,000.00	06-15-2007	06-15-2012	20002246091	222 / 61			
References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.							

Borrower: FARMDALE UTILITIES, INC.
 FARMDALE DEVELOPMENT CORPORATION
 1706 BARDSTOWN ROAD
 LOUISVILLE, KY 40205

Lender: OLD NATIONAL BANK
 205 LOUISVILLE COMMERCIAL LENDING
 333 EAST MAIN STREET
 LOUISVILLE, KY 40202
 (502) 540-7300

Principal Amount: \$150,000.00

Interest Rate: 7.750%

Date of Note: June 15, 2007

PROMISE TO PAY. FARMDALE UTILITIES, INC. ; and FARMDALE DEVELOPMENT CORPORATION ("Borrower") jointly and severally promise to pay to OLD NATIONAL BANK ("Lender"), or order, in lawful money of the United States of America, the principal amount of One Hundred Fifty Thousand & 00/100 Dollars (\$150,000.00), together with interest at the rate of 7.750% per annum on the unpaid principal balance from June 15, 2007, until paid in full. The interest rate may change under the terms and conditions of the "INTEREST AFTER DEFAULT" section.

PAYMENT. Borrower will pay this loan in 60 payments of \$3,032.02 each payment. Borrower's first payment is due July 15, 2007, and all subsequent payments are due on the same day of each month after that. Borrower's final payment will be due on June 15, 2012, and will be for all principal and all accrued interest not yet paid. Payments include principal and interest. Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpaid interest; then to principal; then to any unpaid collection costs; and then to any late charges. The annual interest rate for this Note is computed on a 365/360 basis; that is, by applying the ratio of the annual interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

PREPAYMENT. Borrower agrees that all loan fees and other prepaid finance charges are earned fully as of the date of the loan and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law. Except for the foregoing, Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, early payments will reduce the principal balance due and may result in Borrower's making fewer payments. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: Old National Bank, PO Box 3728 Evansville, IN 47736-3728.

LATE CHARGE. If a payment is 10 days or more late, Borrower will be charged 5.000% of the regularly scheduled payment or \$50.00, whichever is greater.

INTEREST AFTER DEFAULT. Upon default, including failure to pay upon final maturity, the interest rate on this Note shall be increased by 3.000 percentage points. However, in no event will the interest rate exceed the maximum interest rate limitations under applicable law.

DEFAULT. Each of the following shall constitute an event of default ("Event of Default") under this Note:

- Payment Default.** Borrower fails to make any payment when due under this Note.
- Other Defaults.** Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.
- Default in Favor of Third Parties.** Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's property or Borrower's ability to repay this Note or perform Borrower's obligations under this Note or any of the related documents.
- False Statements.** Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.
- Insolvency.** The dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

**PROMISSORY NOTE
(Continued)**

Loan No: 20002246091

Page 2

open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the indebtedness against any and all such accounts, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided in this paragraph.

COLLATERAL. Borrower acknowledges this Note is secured by the collateral under any and all existing and subsequent security documents, including mortgages, security agreements and collateral assignments by any Borrower or Guarantor.

COLLATERAL INSPECTION/APPRaisal COST REIMBURSEMENT. Upon such frequency as Lender may determine and whether or not Borrower is in default, Lender shall be entitled to perform and Borrower shall cooperate with examinations, inspections, audits and appraisals as provided herein. Upon advance notice by Lender to Borrower, Borrower shall permit access to its books and records by Lender and by Lender's designated representatives and agents for purposes of inspection, copying and/or auditing. Lender and Lender's designated representatives and agents shall also have the right upon advance notice to examine, inspect and/or appraise any collateral for this Note wherever located. Subject to any limitations under applicable law, Borrower shall reimburse Lender for any professional fees or other expenses incurred by Lender in connection with any examinations, inspections or audits of the books and records of Borrower and/or any examinations, inspections and/or appraisals of such collateral.

FINANCIAL RECORDS. In absence of a more specific agreement, requirement or covenant with regard to the preparation and delivery of financial statements and additional information which may be contained in a Business Loan Agreement between Borrower and Lender, Borrower agrees to furnish Lender with, as soon as available, but in no event later than ninety (90) days after the end of each fiscal year of Borrower, Borrower's balance sheet and income statement for the year ended. Borrower further agrees to furnish Lender with, as soon as available, but in no event later than thirty (30) days after direction to do so from Lender, current interim financial statements, lists of assets and liabilities, agings of receivables and payables, inventory schedules, budgets, forecasts, tax returns, and other reports with respect to Borrower's financial condition and business operations. All financial reports required to be provided by Borrower shall be prepared in accordance with generally accepted accounting principles, applied on a consistent basis, and certified by an authorized officer of Borrower as being true and correct. Borrower also agrees to cause all guarantors of this Note to furnish financial statements and federal income tax returns within thirty (30) days after direction to do so by the Lender. If the required financial statements or financial information required by this Note or any Business Loan Agreement between Borrower and Lender is not delivered to Lender within fifteen days after the date required to do so, Borrower's interest rate on this Note shall be increased 2.500 percentagepoints above the interest rate which would otherwise apply until such time as all of the required financial information is provided to the Lender.

CAPITALIZATION OF LATE CHARGES. Borrower understands and agrees that any late charges imposed under this Note may be added by Lender to the principal amount due under this loan and shall bear interest at the rate then applicable under the terms of this Note.

SUCCESSOR INTERESTS. The terms of this Note shall be binding upon Borrower, and upon Borrower's heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

GENERAL PROVISIONS. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Each Borrower understands and agrees that, with or without notice to Borrower, Lender may with respect to any other Borrower (a) make one or more additional secured or unsecured loans or otherwise extend additional credit; (b) alter, compromise, renew, extend, accelerate, or otherwise change one or more times the time for payment or other terms of any indebtedness, including increases and decreases of the rate of interest on the indebtedness; (c) exchange, enforce, waive, subordinate, fail or decide not to perfect, and release any security, with or without the substitution of new collateral; (d) apply such security and direct the order or manner of sale thereof, including without limitation, any non-judicial sale permitted by the terms of the controlling security agreements, as Lender in its discretion may determine; (e) release, substitute, agree not to sue, or deal with any one or more of Borrower's sureties, endorsers, or other guarantors on any terms or in any manner Lender may choose; and (f) determine how, when and what application of payments and credits shall be made on any other indebtedness owing by such other Borrower. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Note are joint and several.

PRIOR TO SIGNING THIS NOTE, EACH BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE. EACH BORROWER AGREES TO THE TERMS OF THE NOTE.

BORROWER ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS PROMISSORY NOTE.

BORROWER:

DISBURSEMENT REQUEST AND AUTHORIZATION

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$150,000.00	06-15-2007	06-15-2012	20002246091	222 / 61			

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item.
Any item above containing "****" has been omitted due to text length limitations.

Borrower: FARMDALE UTILITIES, INC.
 FARMDALE DEVELOPMENT CORPORATION
 1706 BARDSTOWN ROAD
 LOUISVILLE, KY 40205

Lender: OLD NATIONAL BANK
 205 LOUISVILLE COMMERCIAL LENDING
 333 EAST MAIN STREET
 LOUISVILLE, KY 40202
 (502) 540-7300

LOAN TYPE. This is a Fixed Rate (7.750%) Nondisclosable Loan to two Corporations for \$150,000.00 due on June 15, 2012.

PRIMARY PURPOSE OF LOAN. The primary purpose of this loan is for:

- Personal, Family, or Household Purposes or Personal Investment.
 Business (Including Real Estate Investment).

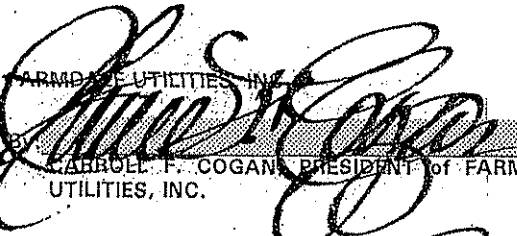
SPECIFIC PURPOSE. The specific purpose of this loan is: TO FINANCE REPAIRS AND IMPROVEMENTS TO WASTEWATER TREATMENT FACILITY.

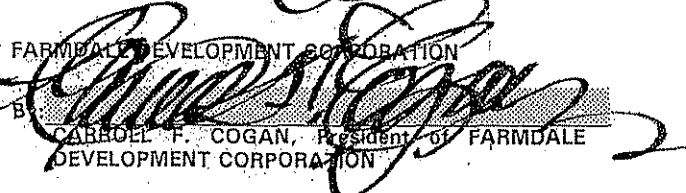
DISBURSEMENT INSTRUCTIONS. Borrower understands that no loan proceeds will be disbursed until all of Lender's conditions for making the loan have been satisfied. Please disburse the loan proceeds of \$150,000.00 as follows:

Amount paid to others on Borrower's behalf: \$148,500.00 to FARMDALE DEVELOPMENT CORPORATION	\$148,500.00
Total Financed Prepaid Finance Charges: \$1,500.00 Origination Fee	\$1,500.00
Note Principal:	\$150,000.00

FINANCIAL CONDITION. BY SIGNING THIS AUTHORIZATION, BORROWER REPRESENTS AND WARRANTS TO LENDER THAT THE INFORMATION PROVIDED ABOVE IS TRUE AND CORRECT AND THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN BORROWER'S FINANCIAL CONDITION AS DISCLOSED IN BORROWER'S MOST RECENT FINANCIAL STATEMENT TO LENDER. THIS AUTHORIZATION IS DATED JUNE 15, 2007.

BORROWER:


 FARMDALE UTILITIES, INC.
 BY CARROLL F. COGAN, PRESIDENT of FARMDALE UTILITIES, INC.


 FARMDALE DEVELOPMENT CORPORATION
 BY CARROLL F. COGAN, President of FARMDALE DEVELOPMENT CORPORATION

Amortization Calculator

NEW INFO: In preparation for the calculator's impending change of address, I've been making a few minor updates to the program. You probably won't notice anything different: the latest version just handles input errors a little better. I'll announce the new web address soon, so continue to watch this space. --Bret

You may want to find out [more about this calculator](#), or read the [Frequently Asked Questions \(FAQ\)](#). This calculator was written by [Bret Whissel](#).

Almost any data field on this form may be calculated. Enter the appropriate data in each slot, leaving blank (or zero) the value that you wish to calculate, and then activate "Calculate" to update the page.

 Show Amortization Schedule

Principal:	150000.00	Payments per Year:	12
Annual Interest Rate:	7.7500	Number of Regular Payments:	60
Balloon Payment:		Payment Amount:	3023.54

Principal borrowed: \$150000.00
Annual Payments: 12 **Total Payments:** 60
Annual interest rate: 7.75% **Periodic interest rate:** 0.6458%
Regular Payment amount: \$3023.54 **Final Balloon Payment:** \$0.00

The following results are estimates which do not account for values being rounded to the nearest cent. See the amortization schedule for more accurate values.

Total Repaid: \$181412.40
Total Interest Paid: \$31412.40
Interest as percentage of Principal: 20.942%

Pmt	Principal	Interest	Cum Prin	Cum Int	Prin Bal
1	2054.79	968.75	2054.79	968.75	147945.21
2	2068.06	955.48	4122.85	1924.23	145877.15
3	2081.42	942.12	6204.27	2866.35	143795.73
4	2094.86	928.68	8299.13	3795.03	141700.87
5	2108.39	915.15	10407.52	4710.18	139592.48
6	2122.01	901.53	12529.53	5611.71	137470.47
7	2135.71	887.83	14665.24	6499.54	135334.76
8	2149.50	874.04	16814.74	7373.58	133185.26

9	2163.39	860.15	18978.13	8233.73	131021.87
10	2177.36	846.18	21155.49	9079.91	128844.51
11	2191.42	832.12	23346.91	9912.03	126653.09
12	2205.57	817.97	25552.48	10730.00	124447.52
<hr/>					
13	2219.82	803.72	27772.30	11533.72	122227.70
14	2234.15	789.39	30006.45	12323.11	119993.55
15	2248.58	774.96	32255.03	13098.07	117744.97
16	2263.10	760.44	34518.13	13858.51	115481.87
17	2277.72	745.82	36795.85	14604.33	113204.15
18	2292.43	731.11	39088.28	15335.44	110911.72
19	2307.24	716.30	41395.52	16051.74	108604.48
20	2322.14	701.40	43717.66	16753.14	106282.34
21	2337.13	686.41	46054.79	17439.55	103945.21
22	2352.23	671.31	48407.02	18110.86	101592.98
23	2367.42	656.12	50774.44	18766.98	99225.56
24	2382.71	640.83	53157.15	19407.81	96842.85
<hr/>					
25	2398.10	625.44	55555.25	20033.25	94444.75
26	2413.58	609.96	57968.83	20643.21	92031.17
27	2429.17	594.37	60398.00	21237.58	89602.00
28	2444.86	578.68	62842.86	21816.26	87157.14
29	2460.65	562.89	65303.51	22379.15	84696.49
30	2476.54	547.00	67780.05	22926.15	82219.95
31	2492.54	531.00	70272.59	23457.15	79727.41
32	2508.63	514.91	72781.22	23972.06	77218.78
33	2524.84	498.70	75306.06	24470.76	74693.94
34	2541.14	482.40	77847.20	24953.16	72152.80
35	2557.55	465.99	80404.75	25419.15	69595.25
36	2574.07	449.47	82978.82	25868.62	67021.18
<hr/>					
37	2590.69	432.85	85569.51	26301.47	64430.49
38	2607.43	416.11	88176.94	26717.58	61823.06
39	2624.27	399.27	90801.21	27116.85	59198.79
40	2641.21	382.33	93442.42	27499.18	56557.58
41	2658.27	365.27	96100.69	27864.45	53899.31
42	2675.44	348.10	98776.13	28212.55	51223.87
43	2692.72	330.82	101468.85	28543.37	48531.15
44	2710.11	313.43	104178.96	28856.80	45821.04
45	2727.61	295.93	106906.57	29152.73	43093.43
46	2745.23	278.31	109651.80	29431.04	40348.20
47	2762.96	260.58	112414.76	29691.62	37585.24
48	2780.80	242.74	115195.56	29934.36	34804.44
<hr/>					
49	2798.76	224.78	117994.32	30159.14	32005.68
50	2816.84	206.70	120811.16	30365.84	29188.84
51	2835.03	188.51	123646.19	30554.35	26353.81
52	2853.34	170.20	126499.53	30724.55	23500.47
53	2871.77	151.77	129371.30	30876.32	20628.70
54	2890.31	133.23	132261.61	31009.55	17738.39

55	2908.98	114.56	135170.59	31124.11	14829.41
56	2927.77	95.77	138098.36	31219.88	11901.64
57	2946.68	76.86	141045.04	31296.74	8954.96
58	2965.71	57.83	144010.75	31354.57	5989.25
59	2984.86	38.68	146995.61	31393.25	3004.39
60	*3004.39	19.40	150000.00	31412.65	0.00

*The final payment has been adjusted to account for payments having been rounded to the nearest cent.

Farmdale Development Corporation
Application for Rate Adjustment
September 20, 2007

III. Owner / Manager Compensation

Carroll Cogan Companies

1706 Bardstown Road

Louisville, Kentucky 40205

502-238-3301

Fax 502-238-3329

August 13, 2007

Exhibit # I

Environmental & Public Protection Cabinet

Public Service Commission

Attn: Jack Kaninberg

211 Sower Boulevard

P. O. Box 615

Frankfort, KY 40602-0615

Re: Rate Review to Recover Current Expenses for Farmdale Development Corp.

Su: See Case # 2006-00028

Gentlemen,

This memorandum is to address the current compensation allowed by the PSC to the owner/manager of a waste water collection and treatment system. This was discussed with the PSC staff at informal hearings in Case # 2006-00028.

The Commission staff stated that the allowed compensation of \$3,600 / year was based upon compensation paid to water district commissioners.

We submit for your review information obtained from the PSC on six (6) water districts that clearly supports a review of the compensation of a utility manager presently allowed.

We also contend that these districts only buy and sell water and have no treatment, pumping or mechanical equipment to operate and maintain. Additionally, the duties, responsibilities, and decisions that are required by an owner / manager greatly exceed any duty if any performed by a water district commissioner. Furthermore, the owner/manager of a waste water collection and treatment system faces substantially more potential liability than does a water district commissioner.

We offer to provide testimony to this effect if required.

Respectfully submitted.

Enclosure

cc: Rob Moore, Atty.

Pat Logsdon, CPA

Marty Cogan

Larry Smither

Farmdale Utilities Incorporated

Carroll F. Cogan, Pres.

Carroll F. Cogan, President PE

By: Wood

21700 Farmdale Water District

Contacts (Ref Pg. 6)

	Title	Last Name	First Name	Bus. Addr.	Salary	Term Expires
Person to send correspondence:	Chairperson	Robinson	Berl	230 River Valley Road Frankfort, KY 40601		
Person who prepared this report	CPA	Bass	Robert C.	PO Box 3280 Frankfort KY 40603		
Officers and Managers						
	Chairperson	Robinson	Berl		\$3,600.00	05/14/2007
	Treasurer	Toles	Clifford		\$3,600.00	05/14/2007
	Secretary	Hall	Yvonne		\$3,600.00	05/14/2007

Utility Financial Reports 4/1/2006 (most recent)

24300 Jessamine-South Elkhorn Water District

Contacts (Ref Pg. 6)

	Title	Last Name	First Name	Bus. Addr.	Salary	Term Expires
Person to send correspondence:	Office Manager	Clark	Diana	P O Box 731, Nicholasville, KY 40340		
Person who prepared this report	Auditor	Besten	Michael	106 W Vine St, #700, Lexington, KY 40507		
Officers and Managers						
	Chairman	Strong	Nick		\$6,000.00	02/19/2008
	Secretary	Robinson	George Dale		\$6,000.00	12/21/2008
	Treasurer	Blackford	John		\$6,000.00	11/05/2007
	Vice Chairman	Hall	James		\$6,000.00	03/28/2010
	Commissioner	Haws	Jerry		\$6,000.00	10/26/2009
	Commissioner - Resigned	Noland	Kenneth		\$300.00	02/01/2006

27300 Northeast Woodford County Water District

Contacts (Ref Pg. 6)

	Title	Last Name	First Name	Bus. Addr.	Salary	Term Expires
Person to send correspondence:	Chairman	Davis	John	225-A South Main Street, Versailles, KY 40383		
Person who prepared this report	Auditor	Ray, Foley, Hensley & Co.		230 Lexington Green Circle, Suite 600, Lexington, KY 40503		
Officers and Managers						
	Chairman	Davis	John		\$6,000.00	05/27/2010
	Treasurer	Moore	Larry		\$6,000.00	05/27/2007
	Secretary	Shipp	Hubert		\$6,000.00	03/27/2008

27900 Peaks Mill Water District

Contacts (Ref Pg. 6)

	Title	Last Name	First Name	Bus. Addr.	Salary	Term Expires
Person to send correspondence:	Chairperson	Quarles	Church	408 Indian Gap Road, Frankfort KY 40601		
Person who prepared this report	CPA	Charles T.	Mitchell Co. LLP	201 W. Main St., Frankfort KY 40601		
Officers and Managers						
	Treasurer	Perkins	Wilbert	256 Perkins Road 40601	\$3,600.00	12/31/2007
	Secretary	Clark	Lowell	2445 Indian Gap Road 40601	\$3,600.00	12/31/2007

30400 South Woodford Water District

Contacts (Ref Pg. 6)

	Title	Last Name	First Name	Bus. Addr.	Salary	Term Expires
Person to send correspondence:	Chairman	Dotson	Bob	467-D Wilson Avenue, Versailles, KY 40383		
Person who prepared this report	Auditor	Ray, Foley, Hensley & Co.		230 Lexington Green Circle, Suite 600, Lexington, KY 40503-3326		
Officers and Managers						
	Chairman	Dotson	Bob	467-D Wilson Avenue, Versailles, KY 40383	\$3,600.00	08/19/2010
	Treasurer	Tufts	Ira	467-D Wilson Avenue, Versailles, KY 40383	\$3,600.00	08/19/2007
	Secretary	Drury	Bill	467-D Wilson Avenue, Versailles, KY 40383	\$3,600.00	08/19/2009

31500 U. S. 60 Water District of Shelby, Spencer and Franklin Counties

Contacts (Ref Pg. 6)

	Title	Last Name	First Name	Bus. Addr.	Salary	Term Expires
Person to send correspondence:	CHAIRMAN	EGGEN	WILLIAM	7457 FRANKFORT ROAD, SHELBYVILLE, KY 40065		
Person who prepared this report	CPAS	RAISOR, ZAPP & WOODS, PSC		513 HIGHLAND AVENUE, CARROLLTON, KY 41008		
Officers and Managers						
	CHAIRPERSON	EGGEN	WILLIAM	7457 FRANKFORT ROAD, SHELBYVILLE, KY 40065	\$3,150.00	01/31/2009
	SECRETARY	ROBERTS	JOHN	850 BRONS LANE, FRANKFORT, KY 40601	\$1,600.00	05/07/2007
	TREASURER	BREWER	DAVID	PO BOX 54, WADDY, KY 40076	\$1,750.00	01/31/2008
	COMMISSIONER	MASTERS	WALLACE	120 PEYTONA BEACH ROAD, WADDY, KY 40076	\$375.00	03/13/2006
	COMMISSIONER	HEARN	HOBART	300 BROWN'S LANE, FRANKFORT, KY 40601	\$1,350.00	09/22/2009
	COMMISSIONER	MILLER	STEVE	P.O. BOX 97, BAGDAD, KY 40003	\$1,100.00	03/15/2010

32300 West Shelby Water District

Contacts (Ref Pg. 6)

	Title	Last Name	First Name	Bus. Addr.	Salary	Term Expires
Person to send correspondence:	Co-Manager	Land	Wanda	7101 Shelbyville Road Simpsonville, KY 40067		
Person who prepared this report	J Sutherland PSC			1020 Washington Street Shelbyville, KY 40065		
Officers and Managers						
	Chairperson	Larmee	Ray	2460 Conners Station Road Simpsonville, KY 40067	\$6,000.00	03/09/2007
	Treasurer	McDowell	Robert	205 Fairview Drive Simpsonville, KY 40067	\$6,000.00	03/10/2008
	Secretary	Quinn	Ben	223 Hunters Point Place Simpsonville, KY 40067	\$5,000.00	04/01/2010
	Co-Manager	Land	Wanda	P.O. Box 39 Simpsonville, KY 40067	\$40,060.00	
	Co-Manager	Eden	Steve	P.O. Box 39 Simpsonville, KY 40067	\$33,876.00	

Farmdale Development Corporation
Application for Rate Adjustment
September 20, 2007

IV. Collection Fees

Carroll Cogan Companies

**1706 Bardstown Road
Louisville, Kentucky 40205**

502-238-3301

Fax 502-238-3329

September 17, 2007

Environmental & Public Protection Cabinet
Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, KY 40602-0615

Attn: Jack Kaninberg
Division of Financial Analysis

Re: Rate Review to Recover Current Expenses for Farmdale Development Corp.
See Case # 2006-00028

Gentlemen:

This memo addresses the collection fees of the Farmdale Water District which are 15% of the gross receipts.

We are aware and appreciative of the advantages to the utility of Farmdale Water handling the billing, collection and transmittal of these receipts.

Farmdale, through its legal council, made a sincere effort to have Farmdale Water provide some relief to the Farmdale Development customers during this program of rebuilding and related increased sewer fees. We, as confirmed, were not successful in this effort.

We point out to the Commission that Farmdale Water's collection income has already doubled, however their comparative expense to provide this service remains approximately the same.

Any relief the Commission can provide in this area would be welcomed.

Respectfully submitted,

Enclosures

Cc: Rob Moore, Atty.
Pat Logsdon, CPA
Marty Cogan
Larry Smither

Sincerely,
Farmdale Utilities Incorporated

Carroll F. Cogan, Pres.
Carroll F. Cogan, President

By L. Wood

Rec'd 7/26/07

HAZELRIGG & COX, LLP

ATTORNEYS AT LAW

415 WEST MAIN STREET

P.O. Box 676

FRANKFORT, KENTUCKY 40602-0676

DYKE L. HAZELRIGG (1881-1970)

LOUIS COX (1907-1971)

FAX: (502) 875-7158

TELEPHONE: (502) 227-2271

WILLIAM P. CURLIN, JR.
DANBRIDGE F. WALTON
JOHN B. BAUGHMAN
ROBERT C. MOORE
CLAYTON B. PATRICK
SQUIRE N. WILLIAMS III
J. SCOTT MELLO
SARAH K. MELLO

July 25, 2007

Mr. Berl Robinson, Chairman
Farmdale Water District
90 Mill Road
Frankfort, Kentucky 40601

Re: Farmdale Development Corporation

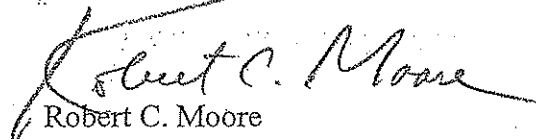
Dear Mr. Robinson:

As we discussed in our telephone conversation on July 17, 2007, I represent the Farmdale Development Corporation. As you are aware, the Farmdale Development Corporation owns and operates the Farmdale Wastewater Treatment Plant (WWTP), which provides sewer service to the residents of the Farmdale Subdivision. The Farmdale Water District has provided billing and collection services to the Farmdale WWTP for a number of years at a charge fifteen percent (15%) of the amount collected. For the last several years, this charge has been fifteen percent (15%) of approximately \$52,995.

The Public Service Commission recently granted Farmdale WWTP an increase in general rates from \$19.05 per month to \$28.00 per month, and a surcharge in the amount of \$9.92 for a period of 5 years or the amount of \$146. The rate of \$28 per month is to cover the normal operating expenses of the Farmdale WWTP, and the monthly surcharge of \$9.92 is for the purpose of recovering the cost of needed repairs and improvements to the Farmdale WWTP. Therefore, the general rate has increased by approximately eleven dollars (\$11) per month, in addition to the \$9.92 surcharge. Because the amount to be paid to the Farmdale WWTP has almost doubled, we are asking that the Farmdale Water District consider reducing the amount of the collection fee. The amount paid by the Farmdale Development Corporation to Farmdale Water District for its collection services on an annual basis was previously approximately \$7,949. If the collection cost remains at fifteen percent (15%), the cost of collection will be approximately \$16,790. The collection fee is borne directly by the individuals living in Farmdale Subdivision, and we would like to minimize the fee that will ultimately be paid by the residents. Accordingly, I am requesting that the percentage charge for the collection charge be reduced to 7.5%. This would enable the Farmdale Water District to increase its fee to approximately \$8,393 annually, but not charge the residents an unreasonable amount.

Thank you very much for your consideration of this request, and please feel free to contact me to discuss same. Otherwise, I will call you in the near future to discuss this request.

Sincerely,


Robert C. Moore

RCM/neb

cc: Carroll Cogan

HAZELRIGG & COX, LLP

ATTORNEYS AT LAW

415 WEST MAIN STREET

P.O. Box 676

FRANKFORT, KENTUCKY 40602-0676

*Rec'd
7/29/07*

OSCAR L. HAZELRIGG (1881-1970)

LOUIS COX (1907-1971)

FAX: (502) 875-7158

TELEPHONE: (502) 227-2271

WILLIAM P. CURLIN, JR.
DANDRIDGE F. WALTON
JOHN B. BAUGHMAN
ROBERT C. MOORE
CLAYTON B. PATRICK
SQUIRE N. WILLIAMS III
J. SCOTT MELLO
SARAH K. MELLO

August 7, 2007

Mr. Berl Robinson, Chairman
Farmdale Water District
90 Mill Road
Frankfort, Kentucky 40601

Re: Farmdale Development Corporation

Dear Mr. Robinson:

Pursuant to our telephone conversation on Monday, August 6, 2007, it is my understanding that the Farmdale Water District declines to reduce the percentage fee charged to Farmdale Development Corporation for sewer services provided by the Farmdale Wastewater Treatment Plant. Thank you for considering this request, even though you declined to grant same. Please feel free contact me should you wish to discuss this matter further, or if my understanding is incorrect.

Yours truly,

Robert C. Moore
Robert C. Moore

RCM/eoo

cc: Carroll Cogan

FARMDALE WATER DISTRICT

100 HIGHWOOD DRIVE
FRANKFORT, KENTUCKY 40601

COMMISSIONERS:
BERL ROBINSON, CHAIRMAN
YVONNE HILL, SECRETARY
CLIFFORD TOLES, TREASURER

TELEPHONE
223-3562

Gross 6752.34
Surcharge 2374.29

9126.63
Dist fee -1369.00

Net 7757.63


19233

FARMDALE WATER DISTRICT
GENERAL ACCOUNT
CLIFFORD TOLES, TREASURER
100 HIGHWOOD DR. FRANKFORT, KY 40601

DATE 9-7-07 73-416-421

PAY TO THE ORDER OF Farmdale Development Corporation \$ 7757.63

Seven Thousand Seven Hundred Fifty Seven and ⁶³/₁₀₀ DOLLARS

 **Whitaker Bank**
A Subsidiary of Whitaker Bank Corporation of Kentucky
1305 US 127 South
Frankfort, Kentucky 40601
Member FDIC

Clifford Toles
Clifford Toles

FOR _____

⑆019233⑆ ⑆042104168⑆ 30301756⑆

Category Report
12/31/2005 Through 9/10/2007

9/10/2007

Page 1

Date	Account	Num	Description	Memo	Category	Clr	Amount
INCOME							
Income							
1/9/2006	NCB Farmd...DEP		Sewer Receipts		Income	R	3,869.85
2/7/2006	NCB Farmd...DEP		Sewer Receipts		Income	R	3,812.46
3/8/2006	NCB Farmd...DEP		Sewer Receipts		Income	R	3,587.28
4/10/2006	NCB Farmd...DEP		Sewer Receipts		Income	R	3,671.58
5/8/2006	NCB Farmd...DEP		Sewer Receipts		Income	R	3,700.65
6/6/2006	NCB Farmd...DEP		Sewer Receipts		Income	R	3,677.35
7/10/2006	NCB Farmd...DEP		Sewer Receipts		Income	R	3,803.77
8/7/2006	NCB Farmd...DEP		Sewer Receipts		Income	R	3,724.83
9/5/2006	NCB Farmd...DEP		Sewer Receipts		Income	R	3,853.55
10/10/2006	NCB Farmd...DEP		Sewer Receipts		Income	R	3,834.07
11/8/2006	NCB Farmd...DEP		Sewer Receipts		Income	R	3,910.65
12/4/2006	NCB Farmd...DEP		Sewer Receipts		Income	R	3,828.43
1/8/2007	NCB Farmd...DEP		Sewer Receipts		Income	R	3,877.50
2/5/2007	NCB Farmd...DEP		Sewer Receipts		Income	R	3,897.75
3/5/2007	NCB Farmd...DEP		Sewer Receipts		Income	R	3,889.83
4/9/2007	NCB Farmd...DEP		Sewer Receipts		Income	R	3,868.78
5/7/2007	NCB Farmd...DEP		Sewer Receipts		Income	R	3,945.99
6/4/2007	NCB Farmd...DEP		Sewer Receipts		Income	R	3,957.88
7/9/2007	NCB Farmd...DEP	S	Sewer Receipts	Sewer receipts	Income	R	5,708.76
8/6/2007	NCB Farmd...DEP	S	Sewer Receipts		Income		5,557.73
TOTAL Income							79,978.69
TOTAL INCOME							79,978.69
OVERALL TOTAL							79,978.69

Farmdale Development Corporation
Application for Rate Adjustment
September 20, 2007

V. Customer Base

Carroll Cogan Companies

1706 Bardstown Road

Louisville, Kentucky 40205

502-238-3301

Fax 502-238-3329

August 13, 2007

Environmental & Public Protection Cabinet
Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, KY 40602-0615

Attn: Jack Kaninberg

Re: Rate Review to Recover Current Expenses for Farmdale Development Corp.
Su: See Case # 2006-00028

Gentlemen,

This memorandum is to address the number of sewer customers actually billed each month by the Farmdale Water District. Farmdale Development has 246 sewer connections (to the best of our knowledge); however, the highest number billed in the calendar year 2006 was 242 in September. The average monthly billing for 2006 was 234 customers. (See attached 2006 billing record)

In calculating the Farmdale income in this new rate application, Farmdale has used 241 customers billed in December 2006 the year end.

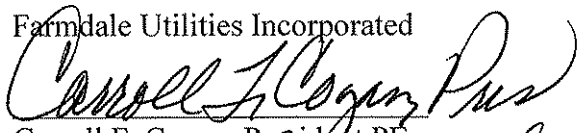
We trust this information will allow the Commission staff to review their projections of the estimated income for the utility using the average billing method.

Respectfully submitted.

Enclosure

Cc: Rob Moore, Atty.
Pat Logsdon, CPA
Larry Smither
Marty Cogan

Farmdale Utilities Incorporated


Carroll F. Cogan, President PE



Farmdale Receipts 2006

Per Maretta Beach at Farmdale Water Co.
Receipts collected for Farmdale Development in 2006

	<u>Customers</u>	<u>Gross</u>	<u>Tax</u>	<u>District Fees</u>	<u>Net</u>
Jan	222	4220.33	0	633.05	3587.28
Feb.	227	4319.50	0	647.92	3671.58
March	229	4353.71	0	653.06	3700.65
April	227	4326.30	0	648.95	3677.35
May	235	4475.03	0	671.26	3803.77
June	230	4382.16	0	657.33	3724.83
July	238	4533.59	0	680.04	3853.55
August	237	4510.67	0	676.60	3834.07
September	242	4600.77	0	690.12	3910.65
October	236	4504.03	0	675.60	3828.43
November	239	4561.76	0	684.26	3877.50
December	241	<u>4585.59</u>	<u>0</u>	<u>687.84</u>	<u>3897.75</u>
Totals		53,373.44	0	8006.03	45,367.41

Per Farmdale Water District they run a month behind in billing. The December 2005 fees were collected in January 2006 and the check was written in February 2006

Farmdale Water District
100 Highwood Drive
Frankfort, Ky. 40601

Ph: 502-223-3562

Contact: Maretta Beach

Customers

$$2803 \div 12 = 233.58 \text{ av.}$$

Farmdale Development Corporation
Application for Rate Adjustment
September 20, 2007

VI. Farmdale Request to Public Service Commission
to Assist in Rate Application Preparation

Carroll Cogan Companies
1706 Bardstown Road
Louisville, Kentucky 40205
502-238-3301
Fax 502-238-3329

August 17, 2007

Environmental & Public Protection Cabinet
Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, KY 40602-0615

Attn: Jack Kaninberg

Re: Rate Review to Recover Current Expenses for Farmdale Development Corp.
Su: See Case # 2006-00028

Dear Jack,

We are hand delivering this Monday, August 20, 2007, information and data pertaining to Farmdale Development Corporation waste water treatment plant to assist the Public Service Commission in the preparation and filing a rate application as previously requested and in our telephone discussions.

This is as per the attached index. Please call for any additional information or to arrange a meeting as needed. My phone numbers are 502/452-6205 – residence and 502/558-5500 – cell.

Respectfully submitted,

Enclosure

Copy to Rob Moore, Atty.

Pat Logsdon, CPA

Larry Smither

Marty Cogan

Farmdale Utilities Incorporated

Carroll F. Cogan, Pres.

Carroll F. Cogan, President, PE

Bob L. Wood



*Rec'd
8/22/07*

Ernie Fletcher
Governor

Teresa J. Hill, Secretary
Environmental and Public
Protection Cabinet

Timothy J. LeDonne
Commissioner
Department of Public Protection

Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

Mark David Goss
Chairman

John W. Clay
Vice Chairman

Caroline Pitt Clark
Commissioner

August 21, 2007

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

Dear Mr. Cogan:

I have received the information submitted by your office regarding the preparation and filing of a rate application for Farmdale Development. Included in the material you submitted was a draft application suggesting the need for a 76.32 percent rate increase, which if granted would increase Farmdale Development's flat residential rate from \$28.00 to \$49.37. The draft application also included estimated legal and accounting fees for the preparation and review of this draft application.

In the settlement approved by the Commission in Case No. 2006-00028 in April of this year, the terms of the settlement called for Commission Staff to assist Farmdale in the preparation of an application to include in rates the financing related to various sewer system improvements. The purpose of such informal Staff assistance is to benefit all parties by avoiding the need for the utility to hire accounting and legal advisors, and for the ratepayers to pay the associated costs. Based upon the information you submitted to me yesterday, Staff assistance and/or a meeting to discuss this filing no longer appears to be warranted or advisable in this matter.

If you disagree, please respond to me in writing. Otherwise, I will retain the information you provided until such time as you file a formal rate application, unless you request that it be returned to you.

Sincerely,

Jack Kaninberg

Jack Kaninberg
Division of Financial Analysis

Carroll Cogan Companies
1706 Bardstown Road
Louisville, Kentucky 40205
502-238-3301/ Fax 502-238-3329

August 27, 2007

Environmental & Public Protection Cabinet
Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, KY 40602-0615

Attn: Jack Kaninberg
Division of Financial Analysis

Re: Farmdale Development Corporation Rate Application
Su: Your Letter 8/21/07

Dear Jack,

In accordance with your letter of 8/21/07, Farmdale will proceed with filing a formal application for rate adjustment with the Commission based primarily upon the data submitted to you for review.

In reference to the preliminary rate application data submitted, and in order to prevent any misunderstanding, we wish to point out that approximately two-thirds of the accounting and legal fees being recovered were incurred in Case No. 2006-00209 and Case No. 2006-00028. All of the legal fees and a very large majority of the accounting fees were incurred on or after the informal hearing in April of 2006 in which the Commission and the Attorney General called for the filing of a "Petition for Certificate of Convenience and Necessity" for the \$30,000 lift station.

The filing of this Petition for Certificate required the services of legal counsel and also necessitated a complete revision of the rate application previously submitted in Case No. 2006-00028. Farmdale's request to consolidate Case No. 2006-00209 and Case No. 2006-00028 to make the process more efficient and cost effective was denied. (This was combined in 2007 prior to the issuing of a final order.)

For the record, Farmdale has made every effort to hold down the costs to be recovered in the rate case. Farmdale negotiated a favorable interest rate with Old National, attempted to negotiate more favorable billing and collection costs and is working to reduce other costs. We are disappointed that you were unable to assist in this rate application, which may have helped avoid additional costs to the rate payers.

Please retain the information submitted for future use.

Respectfully submitted,

Farmdale Utilities Incorporated

Carroll F. Cogan, Pres.
Carroll F. Cogan, President PE

By L. Wood

cc: Rob Moore, Atty.
Pat Logsdon, CPA
Marty Cogan
Larry Smither