

Steven L. Beshear  
Governor

Leonard K. Peters  
Secretary  
Energy and Environment Cabinet



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

David L. Armstrong  
Chairman

James Gardner  
Vice-Chairman

John W. Clay  
Commissioner

Honorable Robert C. Moore  
Attorney At Law  
Hazelrigg & Cox, LLP  
415 West Main Street  
P.O. Box 676  
Frankfort, KY 40602

June 20, 2008

RE: Case No. 2008-00042

Please see enclosed notice of informal conference from Commission Staff in the above case. If you need further assistance, please contact my staff at (502) 564-3940.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Stumbo".

Stephanie Stumbo  
Executive Director

SS/tw

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John W. Clay  
Commissioner

Ronald J. Osborne  
Secretary  
R. A. Williams Development Co., Inc. d/b/a Cedarbrook Treatment Plant  
Suite 1A  
153 Prosperous Place  
Lexington, KY 40509

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

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June 20, 2008

**PARTIES OF RECORD:**  
Case No. 2008-00042  
Cedarbrook Utilities, LLC

Attached is a copy of the teleconference memorandum which is being filed in the record of the above-referenced case. If you wish to make any comments regarding the contents of the memorandum, please do so within five days of receipt of this letter. Should you have any questions regarding the memorandum, please contact Todd Osterloh at 502/564-3940, Extension 439.

Sincerely,

Stephanie Stumbo  
Executive Director

MTO:v

## INTRA-AGENCY MEMORANDUM

### KENTUCKY PUBLIC SERVICE COMMISSION

**TO:** Case File No. 2008-00042

**FROM:** M. Todd Osterloh, Staff Attorney

**DATE:** June 19, 2008

**RE:** Conference of June 19, 2008

On June 19, 2008, Commission Staff held a teleconference in this case to discuss the impact of the Commission's denial of a transfer of assets from R.A. Williams Construction Company ("Williams") to Cedarbrook Utilities, LLC ("Cedarbrook") in this rate case. Participating in the conference were the following individuals:

Robert Moore, Attorney for Williams and Cedarbrook  
Ron Osborne, President of Williams  
Susan Daugherty, Accountant for Williams  
Martin Cogan, Member of Cedarbrook  
Lawrence Smither, Member of Cedarbrook  
Dennis Howard, Office of the Attorney General  
Eddie Beavers, PSC Financial Analysis Division  
Mark Frost, PSC Financial Analysis Division  
Todd Osterloh, PSC Legal Division

Commission Staff informed the parties of their intent to file an amended Staff Report, in light of the Commission's denial of the transfer of the sewer facilities. Staff inquired whether Williams preferred for Staff to file an amended Staff Report based on its original application or whether Williams wanted Staff to consider the supplemental costs in the utility's Amendment to the Application filed on May 12, 2008. Staff stated that if Williams wanted the Staff to include the supplemental costs, Staff would seek further support for those costs through another data request.

Williams expressed its interest in expediting the process. It also had concerns that an increased rate would add certain obligations and duties on Williams, but Staff responded that rates are not tied to service and an increased rate would not put any additional obligations on the utility. Having been assured that it would have no additional duties with a higher rate, Williams stated that it would have no objections if the Staff were to amend its Report and recommend Commission approval of the \$62 per month rate that was in the original application.

Staff noted that although the Commission tends to agree with the Staff Report, there is no guarantee that the Commission will approve the rate recommended by Staff. Staff also noted that it could not provide a definitive timeline for when the Commission

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June 19, 2008

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would issue a ruling in this case. Staff hopes to file an amended Staff Report next week, and parties would be given seven days to respond. If no objections to the Staff Report are filed and no one requests a hearing in the case, the case can stand submitted for a Commission ruling.

A few extraneous issues came up during the conference. Mr. Osborne requested information and documents that the Commission has related to Williams's ownership of Cedarbrook Treatment Plant. Commission Staff responded that such a request must be filed in writing to the Commission's Executive Director. Mr. Osborne also asked if the Staff could describe "in layman's terms" the reason why the transfer was denied in Case No. 2008-00040. Because the Commission speaks through its Orders, Staff declined to comment and encouraged him to speak with his attorney. Based on a comment that there were errors in the Commission's final Order in the transfer case, Staff stated that the parties could apply for rehearing within 20 days from the service of the Order under KRS 278.400. In addition, the parties can appeal a Commission Order in Franklin Circuit Court within 30 days from the service of the Order under KRS 278.410.

cc: Parties of Record