

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF HILLRIDGE FACILITIES,	)	
INC. FOR AN ADJUSTMENT OF RATES	)	CASE NO.
PURSUANT TO THE ALTERNATIVE RATE	)	2001-062
FILING PROCEDURE FOR SMALL UTILITIES	)	

COMMISSION STAFF'S FIRST DATA REQUEST

Pursuant to Administrative Regulation 807 KAR 5:001, Commission Staff requests that Hillridge Facilities, Inc. ("Hillridge") file the original and 5 copies of the following information with the Commission within 14 days of this request, with a copy to all parties of record. Each copy of the information requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure its legibility. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request.

1. Refer to year 2000 expenses for Sludge Hauling of \$32,830 (for 74 loads). PSC annual reports indicate that this is a substantial increase compared to prior years and that more loads were hauled, as follows:

<u>Year</u>	<u>Amount</u>	<u>Number of Loads</u>
1999	\$25,958	53
1998	\$23,548	49
1997	\$10,637	33
1996	\$13,204	40
1995	\$13,935	39

Therefore, explain why it was necessary to haul more sludge in the year 2000, whether the 2000 Sludge Hauling Expense was unusually high, and whether Hillridge has taken any steps to control this cost, such as drying beds and/or competitive bidding.

2. Refer to Insurance Expense of \$3,756 for the year 2000. A review of insurance bills suggests that Palmetto Land Company (“Palmetto”) is an Additional Named Insured on the policies, and that the insurance covers locations in addition to Hillridge Facilities and the Hillridge Subdivision, including Highway 155 (apparently Ridgewood Farms Subdivision in Fisherville), Fairground Road (in Louisville), Friendly Hills Subdivision (in Fisherville), and Pebblebrook Subdivision (in Louisville). Explain whether Hillridge paid this expense in total, or whether it paid only a partial allocation. If Hillridge paid the expense in total, provide an appropriate basis upon which to make a partial allocation to Hillridge. If Hillridge paid a partial allocation, explain the basis for allocation.

3. Refer to Taxes Other Than Income Taxes Expense for 2000. Provide copies of invoices to support the total amount of \$5,301.

4. Refer to the Maintenance of General Plant Expenses of \$44,832 for 2000. Explain why this account has increased from zero in 1998. Include in this response an explanation of whether Palmetto Land Company and/or the certified plant operator are charging extra for services that had been included in the monthly service fee in 1998.

5. Refer to amounts included in Routine Maintenance Expense for 2000. Invoices suggest that \$11,300 of this amount was for pulling and cleaning diffusers on a quarterly basis. Explain how long this has been done on a quarterly basis, why it has been necessary to perform this work quarterly, and why no documentation of time spent is included on the invoices. In addition, explain whether any other entity besides Palmetto has done this work in the past 5 years (and if so, provide invoices or other evidence of the amount and frequency of their billings), and explain whether competitive bids have been taken to attempt to control this cost.

6. Other invoices from the Routine Maintenance Expense account suggest that Palmetto charged Hillridge for pump rental at \$25-\$50 per hour in order to pump out a final tank on a quarterly basis. Explain why this charge is reasonable, especially when Covered Bridge appears to charge only \$7.50 per hour for pump rental, based on a Covered Bridge invoice dated 10/26/00. In addition, explain why the pumping-out of the final tank is not done by the sludge hauler as part of routine operations.

7. Does Palmetto's representative visit and inspect the plant on a daily basis, and if not, how often?

8. Refer to Rent Expense of \$5,542 charged by Palmetto Land Company in the year 2000. It appears that Hillridge shares office space with Palmetto and possibly other affiliates. If this is true, how does Palmetto determine the proper amount of rent to charge to Hillridge versus other affiliated entities? For three years prior to the year 2000 (i.e., 1997-1999), what was the monthly rental charge to Hillridge?

9. Refer to secretarial and office work charges of \$6,000 for the year 2000. Explain in more detail the services provided. If Hillridge shares office space with

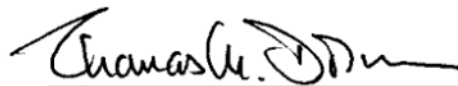
other affiliates, are there any records kept which show the amount of time spent on Hillridge work versus work for other affiliated entities?

10. In the May 18, 2001 response to the Attorney General's ("AG") request for information, Item 8B4 lists extra maintenance payments to Rick Mills of \$800. Provide any supporting documentation to show that Mr. Mills performed extra maintenance work for Hillridge Facilities, the nature of this work, and to explain why it was not covered by routine maintenance contracts.

11. In Item 10B of the May 18 response to the AG, there is a \$300 payment to Allan Eaton. Provide any supporting documentation to show that Mr. Eaton performed work for Hillridge, the nature of the work, and to explain why it was not covered by routine maintenance contracts.

12. Provide the status of any negotiations with the Louisville Metropolitan Sewer District ("MSD") relative to the possibility of MSD connecting with Hillridge and acquiring the system. If a connection with MSD is likely within the next few years, explain when that connection is likely to occur.

13. Provide a list of all employees and their job duties for both Hillridge Facilities and its affiliate Palmetto.



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Thomas M. Dorman  
Executive Director  
Public Service Commission  
211 Sower Boulevard  
P. O. Box 615  
Frankfort, Kentucky 40602

DATED 10/3/2001  
cc: All Parties