

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF MOCKINGBIRD)	
VALLEY SANITATION, INC. FOR APPROVAL)	
OF THE TRANSFER OF THE MOCKINGBIRD)	CASE NO. 2001-187
VALLEY SANITATION, INC. WASTEWATER)	
TREATMENT PLANT TO THE OLDHAM)	
COUNTY SANITATION DISTRICT)	

COMMISSION STAFF'S INTERROGATORIES AND
REQUESTS FOR PRODUCTION OF DOCUMENTS

Pursuant to Administrative Regulation 807 KAR 5:001, Commission Staff requests that Mockingbird Valley Sanitation, Inc. ("Mockingbird") and the Oldham County Sanitation District ("Oldham District") shall file with the Commission within 7 days of the date of this pleading the original and eight copies of the following information, with a copy to all parties of record. Each copy of the data 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 person who is responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information herein has been previously provided, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

1. Provide the journal entries that Oldham District will record to reflect the purchase of Mockingbird's facilities.

2. Provide the journal entries that Mockingbird will record to reflect the transfer of its facilities to Oldham District.

3. Provide the following financial statements for Oldham District for the 1999 and 2000 calendar years:

- a. Balance Sheet
- b. Income Statement
- c. Statement of Retained Earnings

4. Provide the following financial statements for Mockingbird for the 2000 calendar year:

- a. Balance Sheet
- b. Income Statement
- c. Statement of Retained Earnings

5. Refer to the Asset Purchase Agreement (“Agreement”), Paragraph 1.1(1). Provide Schedule 1.1(1) that lists all of the tangible personal property that is to be transferred to Oldham District.

6. Paragraph 1.1(2) of the Agreement refers to Schedule 1.1(2), which lists all contracts that Oldham District will assume. Provide this schedule.

7. a. Refer to the Agreement, Paragraph 1.2. Explain why Mockingbird’s cash, bank deposits, marketable securities, and other investment assets are not being transferred to Oldham District.

b. State the balance, as of May 31, 2001, of each asset that will not be transferred to Oldham District.

8. a. (1) Provide Schedule 1.3 to which Paragraph 1.3 of the Agreement refers.

(2) State the balance, as of June 30, 2001, of each debt, liability, claim, obligation and commitment of Mockingbird that Oldham District will not assume.

(3) For each debt, liability, claim, obligation and commitment that Oldham District will not assume, explain why this liability is not being assumed.

b. (1) State the balance, as of June 30, 2001, of each debt, liability, claim, obligation and commitment of Mockingbird that Oldham District will assume.

(2) For each debt, liability, claim, obligation and commitment that Oldham District is assuming, explain why this liability is being assumed.

9. Refer to Mockingbird's "Annual Report to the Public Service Commission for the Year Ending December 31, 2000" at 6. For each of the long-term debt obligations listed, state the lender's name, the original amount of the loan, and if Mockingbird obtained Commission approval prior to executing the loan.

10. Paragraph 1.6(1) of the Agreement states that Oldham District will provide sewer service to Myra Schureck at no charge. KRS 278.170(2) states that utilities may provide free or reduced rate service to its "officers" and "employees" upon notice to and agreement of the Commission.

a. Does Oldham District intend to retain Ms. Schureck as an employee upon completion of the transfer?

b. If no, explain how the provision of free service to Ms. Schureck will be consistent with KRS 278.170(2).

11. Refer to the Agreement, Paragraph 1.6(2).

a. Explain why Oldham District agreed to decommission the treatment plant and return the site to the seller at no charge if the treatment plant is bypassed.

b. Describe in detail Oldham District's plans regarding the use of Mockingbird's treatment plant. Include in this description the projected date upon which the treatment plant may be decommissioned.

12. a. Describe how Oldham District and Mockingbird arrived at the purchase price set forth in Paragraph 2.1 of the Agreement.

b. At page 2 of its "Annual Report to the Public Service Commission for the Year Ending December 31, 2000," Mockingbird states that its treatment plant has a net book value of \$14,926. Explain why, in light of this statement, Oldham District agreed to pay \$49,378 above the plant's net book value.

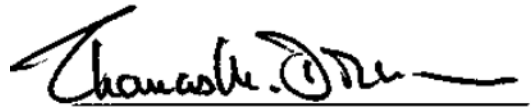
c. Does Oldham District intend to seek rate recovery of the purchase price paid in excess of the treatment plant's book value?

d. List each person involved in the negotiations between Oldham District and Mockingbird and state his or her relationship to Oldham District and Mockingbird.

e. Provide all correspondence, memoranda and other documents in which the negotiations are discussed.

f. Provide a detailed explanation of how Oldham District intends to fund its purchase of Mockingbird's facilities.

13. a. Did Mockingbird collect customer deposits from its customers?
- b. If yes, in what manner will these deposits be disposed?
14. State the rates that Oldham District will assess for sewer service provided to customers that Mockingbird currently serves.



Thomas M. Dorman
Executive Director
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211 Sower Boulevard
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Dated: 7/11/2001

cc: Parties of Record