

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF B & H, INC.	)	
AND RICHMOND UTILITIES, LLC FOR	)	
APPROVAL OF THE TRANSFER OF	)	CASE NO. 2004-00336
WASTEWATER TREATMENT PLANT	)	
TO RICHMOND UTILITIES, LLC	)	

COMMISSION STAFF'S INTERROGATORIES AND  
REQUESTS FOR PRODUCTION OF DOCUMENTS

Pursuant to Administrative Regulation 807 KAR 5:001, Commission Staff requests that B & H, Inc. ("B & H") and Richmond Utilities, LLC ("Richmond Utilities") (jointly, "Applicants") file with the Commission, within 14 days of the date of this request, the original and 8 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 requested 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. At page 3 of the application, Applicants state that, upon the approval of the transfer of B & H, Richmond Utilities will have a cash balance in excess of \$20,000

for use in the operation of said wastewater treatment plant. Identify the source of the \$20,000 cash balance and explain why it will not be available to Richmond Utilities until the transfer is approved.

2. Provide a balance sheet, an income statement and a statement of retained earnings (“financial statements”) for Richmond Utilities for the calendar year 2003.

3. At page 3 of the application, Applicants state that, “Marty Cogan and Larry Smither, the members of Richmond Utilities, LLC, have the necessary financial reserves to loan the limited liability company the funding necessary to assure continued operation of the plant.”

a. Provide financial statements, tax returns, or other evidence of the financial integrity of Mr. Cogan and Mr. Smither.

b. Under what circumstances do Mr. Cogan and Mr. Smither believe that it will be necessary to loan Richmond Utilities money in order to operate the treatment plant? Describe the expected loan amount, terms, and specific uses of the loan funds.

4. At page 4 of the application, Applicants state that, “[t]here is no one that the Joint Applicants are aware of that would be willing to participate in the execution of a third party beneficiary agreement.”

a. Describe the effort made by Richmond Utilities to obtain the third party beneficiary agreement.

b. Provide a copy of the evidence of financial integrity that Richmond Utilities will file in lieu of a third party beneficiary agreement.

5. At page 5 of the application, Applicants state that, "Richmond Utilities, LLC, has filed a Notice of Adoption as described in 807 KAR 5:011"; however, the referenced notice was not attached to the application. Provide a copy of the referenced Notice of Adoption of Richmond Utilities.

6. Refer to Exhibit A of the application, the Assets Purchase Agreement ("Agreement").

a. In Section 1.1(a), Property, there is a reference to a description of property that is contained in Exhibit A; however, Exhibit A is not attached to the Agreement. Provide a copy of Exhibit A.

b. Provide a copy of the "Trust Indenture dated June 5, 1969" referenced at page 3 of the Agreement.

7. Refer to the Sewer Utilities Annual Report of B & H to the Public Service Commission of Kentucky for the Year Ended December 31, 2003 ("2003 Annual Report").

a. Utility plant in service is recorded at \$28,615 and accumulated depreciation is recorded at \$323. Given that the treatment and collection facilities were constructed in 1969, explain why accumulated depreciation is so low.

b. Provide a detailed plant and depreciation schedule for the assets being transferred.

c. Other current and accrued assets have a balance of \$19,492. Explain the nature of this account. Will this asset be transferred to Richmond Utilities?

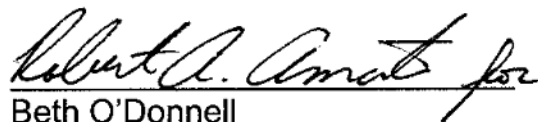
8. Provide the journal entry Richmond Utilities proposes to make to record the transfer.

9. At page 3 of the application, Applicants state that, "The plant is in good condition and consistently meets State water quality standards."

a. During heavy rains, B & H has informed the Commission's Engineering Division of flooding at the treatment plant, resulting in the discharge of effluent into the stream. Describe the steps Richmond Utilities plans to take to rectify the flooding problem at the treatment plant. Include an estimate of the costs that will be incurred to rectify the flooding problem and a detailed description of how Richmond Utilities proposes to finance those costs.

b. In its 2003 Annual Report B & H reports that 120 loads or 240,000 gallons of sludge were removed from its wastewater treatment facilities. Describe the steps Richmond Utilities plans to take to reduce the amount of sludge removed from its treatment facilities. Include an estimate of the costs that will be incurred to rectify the sludge problem and a detailed description of how Richmond Utilities proposes to finance those costs.

10. On page 3 of the application, the Applicants state that Mr. Cogan and Mr. Smither are both licensed treatment plant operators. Provide copies of the valid operators' licenses for Mr. Cogan and Mr. Smither.



Beth O'Donnell  
Executive Director  
Public Service Commission  
P. O. Box 615  
Frankfort, Kentucky 40602

Dated: September 22, 2004

cc: Parties of Record