

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF FARMDALE DEVELOPMENT CORPORATION FOR AN ADJUSTMENT IN RATES PURSUANT TO THE ALTERNATIVE RATE FILING PROCEDURE FOR SMALL UTILITIES)	CASE NO.
)	2007-00436
)	
)	

COMMISSION STAFF'S FIRST DATA REQUEST
TO FARMDALE DEVELOPMENT CORPORATION

Farmdale Development Corporation ("Farmdale"), pursuant to 807 KAR 5:001, is to file with the Commission the original and 5 copies of the following information, with a copy to all parties of record. The information requested herein is due on or before December 19, 2007. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Farmdale shall make timely amendment to any prior responses if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any requests to which Farmdale fails or refuses to furnish all or part of the requested information, Farmdale

shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention should be given to copied material to ensure that it is legible. 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. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations.

1. Provide at least three competitive bids for the billing and collection services currently provided by Farmdale Water District.

2. Has any entity other than Farmdale Water District provided billing and collection services for Farmdale and, if so, at what expense?

3. Given that Farmdale's owner has a long history of operating sewer utilities, explain whether any of his sewer utilities have done their own billing and collection without reliance upon the local water utility and, if so, at what cost.

4. Explain whether any of the sewer utilities operated by Farmdale's owner have ever negotiated for and received billing and collection services based upon a flat charge per customer rather than a percentage of revenues and, if so, at what charge.

5. If Farmdale is aware of any collection problems experienced with its customers, explain those problems and how they were resolved.

6. If Farmdale has done any cost/benefit analyses to determine what billing and collection amounts charged by Farmdale would be sufficiently high to cause it to pursue alternative billing and collection arrangements, provide these analyses.

7. Provide an itemized estimate of the expenses necessary if Farmdale were to use personnel affiliated with the Cogan Companies to perform billing and collection services instead of Farmdale Water District.

8. Provide all legal and accounting bills (not previously provided) for rate case expenses incurred to date in this case.

9. Provide an explanation for the fluctuations in electricity expense and electricity consumption at the Farmdale sewage treatment plant for the period from 2003 to the latest month billed by Blue Grass Energy Cooperative Corp.

10. If Farmdale has realized any operational expense savings as a result of the capital expenditures that were agreed to as a result of Case No. 2006-00028,¹ provide a list and an annual estimate of such savings.

11. Farmdale's proposed Interest Expense includes not only interest of \$6,283 on the funds borrowed to make capital improvements approved by the Commission, but also interest of \$2,313 on a one-year renewable \$25,000 loan from National City Bank at 9.25 percent. Provide a copy of the National City Bank loan agreement, explain in detail its use, and explain whether and why this interest expense might be expected to recur on an annual basis.

12. Relative to Exhibit 1 wherein Farmdale contends that the duties, responsibilities, decisions, and potential liability of a sewer owner/manager are greater than those of a water district commissioner, provide any evidence available to Farmdale that supports this assertion.

¹ Case No. 2006-00028, Application of Farmdale Development Corporation for an Adjustment of Rates to the Alternative Rate Filing Procedure for Small Utilities.

13. Farmdale's Sludge Hauling Expense of \$5,450 for 2006 was more than double the amount of \$2,600 allowed in Case No. 2006-00028. Explain whether the sludge hauling done in 2006 was higher than normal, and whether the capital expenditures agreed to in Case No. 2006-00028 are expected to reduce future Sludge Hauling Expense from the amount incurred in 2006.

14. Page 11 of the application appears to be missing from the October 3, 2007 filing. Provide the missing page 11.

15. Provide an itemized breakdown for Outside Services Employed Expense of \$5,709 during 2006 which shows the amounts paid to each outside vendor and what services were performed. In addition, since page 11 appears to be missing from the application, explain in detail the proposed adjustment to reduce this expense on a pro forma basis.

16. Provide an itemized breakdown for Maintenance of Treatment Plant Expense of \$19,712 during 2006 which shows the amounts paid to each vendor and what services were performed. In addition, since page 11 appears to be missing from the application, explain in detail the proposed adjustment to reduce this expense on a pro forma basis.

17. Provide a status report on the sewer line rehabilitation project and the actual costs incurred in replacing the wet well and pumps.



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

DATED: December 7, 2007

cc: Parties of Record