

SMITH, GREENBERG & LEIGHTTY PLLC  
ATTORNEYS

RICHARD A. GREENBERG  
*rgreenberg@sglfirm.com*

January 22, 2010

Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Post Office Box 615  
Frankfort, KY 40602

RECEIVED

JAN 26 2010

PUBLIC SERVICE  
COMMISSION

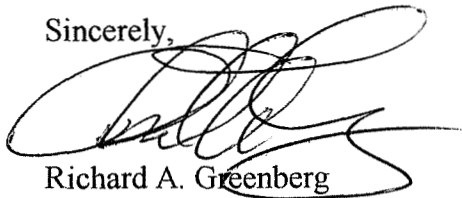
Re: Middletown Waste Disposal, Inc. Rate Case No. 2009-00227

Dear Sirs:

Attached please find an original and 6 copies of Middletown Waste Disposal, Inc.'s ("MWD") responses to the Commission Staff's 2<sup>nd</sup> Data Request dated January 7, 2010. MWD is again requesting an informal conference to discuss matters presented in its application, responses to the PSC's information requests, and additional information that may be relevant.

As you are aware, MWD has never increased its rates in its over thirty year history. MWD's primary concern is to procure the PSC's approval of the requested MWD rates so that they are sufficient to operate the sewer system and pay for needed improvements in order to provide safe, reliable, and adequate service.

Sincerely,



Richard A. Greenberg

Cc: David Edward Spenard, Esq.  
Assistant Attorney General  
w/encls

Enclosures

Middletown WD 2<sup>nd</sup> Data Request Responses

*Question 1. Refer to Louisville Water Company invoices filed in Middletown's response...A. Provide the customer name and account number.*

**Answer:** The customer name is Middletown Waste Disposal, and its account number is 0732827-1.

*B. The invoices do not have the bi-monthly water usage. Provide a schedule listing the bi-monthly water purchases in gallons for the calendar years 2006, 2007, and 2008. C. Include in the response to 1(b) the bi-monthly amount that was billed to Middletown.*

**Answer:** Attached.

**Witness: Donald Lorenz**



*Question 2. Refer to the explanation of the \$60 per-month BellSouth allocation provided in Middletown's response to the Commission Staff's first Information Request, item 8. A. Provide a detailed explanation as to how the \$60 per month allocation was developed.*

**Answer:** As stated in the first data request response, AT&T does not separately bill Middletown for the office phone, but instead jointly bills Mr. Lorenz approximately \$155 per month for his house and the separate office building. Mr. Lorenz then charges Middletown a set fee of \$60 per month to cover Middletown's cost for telephone service. Simply put, Mr. Lorenz determined in the past that \$60 per month was an appropriate amount of the \$140 total bill for Middletown to pay because a business phone line costs at least that much, and is required for the operation of Middletown.

*B. Include in the response to 2(a) an average bill and describe in detail how the costs from that bill are allocated to Middletown.*

**Answer:** Attached. Also attached is a \$68.00/month quote for an AT&T business line.

**Witness: Donald Lorenz**



DONALD A LORENZ  
130 APPLE LN  
TAYLORSVILLE KY 40071-7712

Page 1 of 3  
Account Number 502 477-2322 466 0481  
Billing Date Dec 14, 2009

Web Site att.com

## Monthly Statement

### Bill-At-A-Glance

Previous Bill	150.75
Payment Received 11-28 Thank You!	158.63CR
Adjustments	.00
Balance	7.88CR
Current Charges	158.63

**Total Amount Due \$150.75**

Current Charges Due in Full by **Jan 3, 2010**

### Billing Summary

Questions? Visit <a href="http://att.com">att.com</a>	Page	
<b>Plans and Services</b>	1	80.71
1 888-757-6500 PIN: 8198		
Repair Service:		
1 877 737-2478		
<b>AT&amp;T Long Distance Service</b>	2	34.97
1 888 757-6500		
<b>AT&amp;T Internet Service</b>	2	42.95
1 888 321-2375		
<b>Total Current Charges</b>		<b>158.63</b>

### News You Can Use Summary

- PREVENT DISCONNECT
- ELECTRONIC PAYMENTS
- PAYMENT OPTIONS
- AT&T TL7600 HEADSET
- CARRIER INFORMATION
- SPEED CALLING 8
- CALL BEFORE YOU DIG

See "News You Can Use" for additional information.

### AT&T Benefits

- Thank you for choosing a package plan tailored for your needs. AT&T lets you choose how, when and where you communicate.

### Plans and Services

#### Promotions and Discounts

Item No.	Description	
1.	AT&T Bundles <sup>SM</sup> Savings	5.00CR
2.	Complete Choice <sup>®</sup> 2 Line Disc	19.05CR
<b>Total Promotions and Discounts</b>		<b>24.05CR</b>

#### Monthly Service - Dec 14 thru Jan 13

Item No.	Description	Quantity	
3.	<b>Complete Choice<sup>®</sup></b> Telephone Line (Includes Touch-Tone Service) 8 Code Speed Calling Call Forwarding Call Waiting ID Call Forwarding Busy Line Call Forwarding Don't Answer Ring Control Message Waiting Indication -Audio/Visual Call Return Caller-ID Name-Number Delivery Anonymous Call Blocking Star 98 to Voice Mail	1	35.00
4.	<b>Complete Choice<sup>®</sup></b> Telephone Line (Includes Touch-Tone Service) Three-Way Calling Repeat Dialing Caller-ID Name-Number Delivery Anonymous Call Blocking	1	35.00
5.	Voice Mail Mailbox	1	6.00
<b>Total Monthly Service</b>			<b>76.00</b>

#### Directory Assistance

411		
6.	1 Call(s) billed at \$1.79 each	1.79

#### Surcharges and Other Fees

Item No.	Description	Quantity	
7.	KY - GRT Surcharge		.87
8.	Federal Universal Service Fee	2	1.58
9.	Federal Subscriber Line Charge	2	13.00
<b>Total Surcharges and Other Fees</b>			<b>15.45</b>

Local Services provided by AT&T Kentucky.

U.S. Pat. D410,950 and D414,510

12-21-09  
# 6319  
Printed on Recycled Paper

Return bottom portion with your check in the enclosed envelope.



DONALD A LORENZ  
130 APPLE LN  
TAYLORSVILLE KY 40071-7712

Page 2 of 3  
Account Number 502 477-2322 466 0481  
Billing Date Dec 14, 2009

**Plans and Services**

**Government Fees and Taxes**

Item No.	Description	Quantity	
1.	Federal Excise Tax		1.89
2.	KY - State Tax		4.10
3.	KY - School Tax		1.61
4.	Kentucky Lifeline Support	2	.16
5.	Telecommunication Relay Svc-KY	2	.08
6.	Emergency 911 Service		3.68
<b>Total Government Fees and Taxes</b>			<b>11.52</b>

**Total Plans and Services 80.71**

**AT&T Long Distance Service**

**Important Information**

Provide family and friends with a toll-free number and unique PIN so they can reach you without being charged. You pay just 10 cents per minute, billed to your AT&T account. Call 1-800-895-5555 TODAY (must be placed from your home telephone number) to request Toll Free at Home Service! Some restrictions apply.

For AT&T Long Distance Service Billing Questions, Call 1-888-757-6500.

Effective 1-1-10 and on a quarterly basis thereafter, International Mobile Termination Charge (IMTC) rates to some countries will change.

Visit <http://www.att.com/gen/general?pid=5357> for all new updated IMTC rates or contact a Customer Service representatives at the phone number listed on the front of your bill. Thank you for choosing AT&T Long Distance.

**Monthly Service**

**Charges for 502 477-2322**

Type of Service	Period	
7. Complete Choice Unlimited Monthly Fee	11/25-12/24	25.49
8. International Dollar Value Plan Monthly Fee	11/25-12/24	2.00
<b>Total Charges for 502 477-2322</b>		<b>27.49</b>
<b>Total Monthly Service</b>		<b>27.49</b>

**Call Charges**

**Domestic Usage Summary**

Calls for 502 477-2322	
Domestic Minutes Used	608
Calls for 502 477-6423	
Domestic Minutes Used	160
<b>Total Domestic Minutes Used</b>	<b>768</b>

**Surcharges and Other Fees**

9. Federal Universal Service Fund Fee	2.28
10. Carrier Cost Recovery Fee	1.99
11. KY - GRT Surcharge	.42
<b>Total Surcharges and Other Fees</b>	<b>4.69</b>

**Government Fees and Taxes**

12. KY - State Tax	1.91
13. KY - School Tax	.88
<b>Total Government Fees and Taxes</b>	<b>2.79</b>

**Total AT&T Long Distance Service 34.97**

**AT&T Internet Service**

**Itemized Charges and Credits**

From December 01 through December 31	
User ID: donaldalorenz@bellsouth.net	
DSL: 502 477-2322	
14. FastAccess® DSL Xtreme 6.0	42.95
From December 01 through December 31	
User ID: donaldalorenz@bellsouth.net	
DSL: 502 477-2322	
15. Security Suite 1 PC	.00
<b>Total Itemized Charges and Credits</b>	<b>42.95</b>

**Total AT&T Internet Service 42.95**

**News You Can Use**

**PREVENT DISCONNECT**

Thank you for being a valued customer. Please be aware that all charges must be paid each month to keep your account current and prevent collection activities. We are required to inform you that certain charges MUST be paid in order to prevent interruption of basic local service. These charges are already included in the Total Amount Due and are \$105.38. Also, neglecting to pay for remaining charges may result in interruption or removal of these remaining services or further collection action.





DONALD A LORENZ  
130 APPLE LN  
TAYLORSVILLE KY 40071-7712

Page 3 of 3  
Account Number 502 477-2322 466 0481  
Billing Date Dec 14, 2009

## News You Can Use

### CARRIER INFORMATION

Our records indicate that you have selected AT&T Long Distance Service or a company that resells their services as your primary local toll carrier and AT&T Long Distance Service or a company that resells their services as your primary long distance carrier. Please contact us if this does not agree with your records.

### ELECTRONIC PAYMENTS

When making a secure electronic bill payment from your bank account over the phone, you will need to provide sufficient information to authenticate yourself as the account owner. By providing this information, you are authorizing AT&T and your financial institution to process a one-time debit from your bank account for payment of your bill. Other bill payment options are available at [www.att.com](http://www.att.com).

### SPEED CALLING 8

Beginning on or after January 16, 2010, the monthly rate for Speed Calling 8 is scheduled to increase from \$4.50 to \$6.00 for each line provided with the service. If you have questions regarding this change, please call your AT&T representative at 1.888.757.6500. Thank you for choosing AT&T.

### PAYMENT OPTIONS

Visit [att.com](http://att.com) to pay your AT&T bills online FREE of charge. Additional payment options can also be viewed online. Self-service is available anytime day or night by calling 1.888.757.6500 - just say "Pay Bill". Payments made with an AT&T representative may be subject to a \$5.00 payment convenience fee.

### CALL BEFORE YOU DIG

IT'S THE LAW! Call 811 before you dig. Know what's below. Help promote Safety on your job and in your community by calling to get underground utilities located before you DIG! Spread the Word!!

### AT&T TL7600 HEADSET

Experience hands-free conversations with unsurpassed range and superior sound clarity using the AT&T TL7600 cordless headset. Add this headset to the AT&T SL, CL and TL series cordless phones for a lightweight and comfortable alternative to handsets. Order the TL7600 for \$99.95 at [www.telephones.att.com](http://www.telephones.att.com) and enjoy free shipping on this product until January 31st, 2010 by using promotional code: MVA31X47.

## Terms and Conditions

### DISPUTED DEBTS

Please note, any check or payment instrument in an amount less than the full amount due that you send AT&T marked "PAID IN FULL" or otherwise tender as full satisfaction of a disputed amount, must be sent to AT&T Accounts Receivable Management, 333 Commerce St, FLR 20, Nashville TN 37201-1800 and NOT the payment address shown on the payment return document. Thank you for choosing AT&T for your communications needs.

### LATE CHARGE REMINDER

A \$5.50 Late Payment Charge and a 1.5% interest charge may apply to an unpaid current charges balance as of your next bill date.

### RETURNED CHECK

An important part of AT&T's commitment to our valued customers is keeping you informed of policies that may affect your account. If a check is returned to AT&T from your financial institution, a returned check fee up to the amount permitted by law may be charged to your account.

### SERVICE INFORMATION

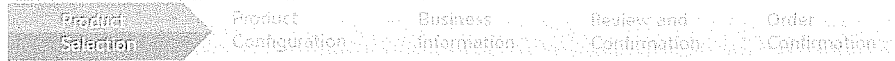
Your local services are provided by AT&T Kentucky (BellSouth Telecommunications, Inc.). Your AT&T long distance services, if any, are provided by one or more of the following AT&T Inc. subsidiaries: AT&T Long Distance Service (BellSouth Long Distance, Inc.), AT&T Communications of the South Central States, LLC, and/or AT&T Corp. You can find the name of your long distance service provider in the long distance section of your bill. To view your provider's service publications, including Price Lists, Service Guides and/or Tariffs, go to [att.com/servicepublications](http://att.com/servicepublications).

### BILL DISCREPANCY

AT&T strives to provide our valued customers the best service possible. However, if you have a bill discrepancy, you should notify AT&T within 60 days after the receipt of your AT&T bill.



Small Business > Bundled Services



Whether you want unlimited local calling or would like to combine local with other services through one provider, AT&T is the right choice for your business. Establishing local service with AT&T is quick and simple with our online ordering process.

### Review Local Plan

#### AT&T Complete Choice® for Business Plan

Includes your basic service and over 20 calling features to increase your company's productivity.

#### Features and Benefits

- Save money – Get features for less than the cost of just two or three stand-alone features on your basic line. Save even more with a local service term agreement.
- Flexibility to change your package – Add or subtract features at any time as your business needs change.

#### Please answer the following:

- \*What is the ZIP Code for the new service location?
- \*How many voice lines do you need?
- \*How many fax lines do you need?
- \*How many lines do you want as part of your hunting sequence?

#### Bundle and Save!

- I would like to review my long distance calling options
- I would like to review my FastAccess® Business DSL options
- I would like to review my wireless service options.

Cancel

Back

Continue

#### Promotion

Get 24% Off monthly charge for the first 12 months.

Learn More >



#### Order Requirements

- 1 Location
- Up to 9 lines
- [Click here](#) if you require more than 9 lines or 1 location

#### FREE Business Consultation

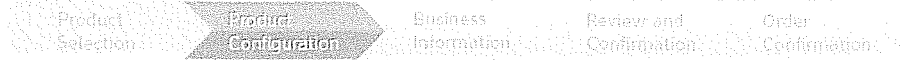
[Click here](#) to have an AT&T Small Business Associate contact you to discuss telecommunication options for your business



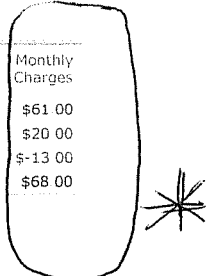


Help & Support Search Go

Small Business > Bundled Services



Pricing Summary	One-time Charges	Monthly Charges
Local Service	\$73.00	\$61.00
Long Distance	\$0.00	\$20.00
Your Savings	\$-73.00	\$-13.00
<b>Total</b>	<b>\$0.00</b>	<b>\$68.00</b>



**Product Configuration –Internet Service**

Select from a wide range of Internet Services, contract terms, and options that meet your needs. Remember that the longer terms means more savings.

**Select Your Internet Plan**

Plan Names	Downstream Speed	Upstream Speed	One-time Charges	Monthly Charges
<input type="radio"/> FastAccess <sup>®</sup> Business DSL 6.0 ?	Up to 6.0 Mbps	Up to 512 Kbps		\$109.95
<input type="radio"/> FastAccess <sup>®</sup> Business DSL Plus ?	Up to 3.0 Mbps	Up to 384 Kbps		\$89.95
<input type="radio"/> FastAccess <sup>®</sup> Business DSL ?	Up to 1.5 Mbps	Up to 256 Kbps		\$79.95
<input type="radio"/> FastAccess <sup>®</sup> Business DSL Lite ?	Up to 768 Kbps	Up to 128 Kbps		\$49.95
<input type="radio"/> No Internet plan at this time				

FOR  
TAYLORSVILLE  
ZIP CODE

[View Terms and Conditions](#)

**Subtotal Local Internet Service Charges** \$0.00 \$0.00

**Total Bundled Services Charges** \$0.00 \$68.00

Rates quoted above do not include taxes and additional charges such as FCC charges and Cost Recovery charges, Universal Service Fund.



*Question 3. Middletown reports paying \$3,034 of interest on a \$102,630 "Stockholder Loan."*  
*A. Identify the loan holder, the date the loan was originally obtained, the amount that was originally borrowed, and identify the purpose of the loan.*

**Answer:** Middletown’s two shareholders, Paul A. Lichtefeld. Sr. and Donald Lorenz, made substantial loans to the corporation mostly to fund significant unforeseen repairs. The balance sheet of the 2008 PSC Annual report shows that Other Current and Accrued Liabilities (Account 238) increased from \$59,630 at the beginning of 2008 to \$102,630 at the end of 2008, a difference of \$43,000. Middletown’s 2008 General Ledger provides additional details, showing that at various times during 2008 Paul A. Lichtefeld, Sr. and Donald Lorenz each loaned it a net \$21,500 - a total of \$43,000.

*B. Provide a current amortization schedule that includes the entire life of the loan and that details the payment amounts, principal retirements, interest payments, interest rates, and outstanding balances.*

**Answer:** An amortization schedule per se is not available. There are no funds available to repay these loans at this time. Interest was calculated on these loans using 110% of an Internal Revenue Service rate published monthly to determine loans between affiliated parties. At the end of each year, the Stockholder Lenders are paid a nominal level of interest based on its CPA’s rate calculation. Attached are schedules identifying the loan holders, the date that loans were made, payment amounts, interest payments and rates, and outstanding balances. As reflected in the attachments, interest for the year 2008 for the Stockholder Loans was less than 4%. Stockholder Loans made to Middletown in 2008 that are not reflected in the attachment are as follows:

<u>Loan Holders</u>	<u>Loan Date</u>	<u>Loan Amount</u>	<u>Principal Payment</u>
Paul A. Lichtefeld, Sr.	5-5-08	7500.00	
	6-17-08	6000.00	
	7-21-08	4000.00	
	12-15-08	4000.00	
Donald Lorenz	5-5-08	7500.00	
	6-17-08	6000.00	
	6-25-08	10,000.00	7-8-08 10,000.00
	7-21-08	4000.00	
	12-15-08	4000.00	

Middletown is most concerned with obtaining rate relief sufficient to allow it to avoid future loans to the corporation, rather than immediate repayment of these loans.

*C. Identify the Commission proceeding wherein Middletown was authorized to obtain the Stockholder Loan.*

**Answer:** There has been no such Commission proceeding.

*D. Provide a description of the use of the borrowed funds.*

**Answer:** Middletown's shareholders have made loans to the corporation as needed and to fund the significant unforeseen repairs described throughout this proceeding. The borrowed funds were necessary and appropriate for the proper performance of Middletown.

**Witness: Donald Lorenz**

LINE NO	(1)	(2)	(3)	(4)	(5)	(6)
	Middletown Waste Stockholder Loan DON LORENZ		Days	Rate	Additions	Interest Balance
1	Bal forward					539.75
2	3/30/00 Deposit - DAL				(5000.00) under 10,000	(4460.25)
3	4/12/00 Deposit - DAL				(4000.00)	(8460.25)
4	5/1/01 Deposit - DAL				(3250.00)	(11710.25)
5	5/31/01 EDM	5.12%	30	.00420821917		(49.28) (11759.53)
6	6/30/01 EDM	5.40%	30	.00447835616		(52.19) (11811.72)
7	7/31/01 EDM	5.51%	31	.00467972602		(55.28) (11867.00)
8	8/15/01 Deposit - DAL	5.36%	15	.00226273972	(3150.00)	(26.14) (15043.14)
9	8/31/01 EDM	S	16	.00234938904		(35.15) (15078.29)
10	9/30/01 EDM	5.18%	30	.00425257420		(64.20) (15142.49)
11	10/31/01 EDM	4.94%	31	.00419561643		(63.53) (15206.02)
12	11/30/01 EDM	4.46%	30	.00366575342		(55.74) (15261.76)
13	12/19/01 Deposit - DAL	4.28%	19	.0022279452	(1050.00)	(34.00) (16345.76)
14	1/31/02 EDM	S	12	.00140712328		(23.00) (16368.76)
15						
16	1/31/02 EDM	4.87%	31	.00410219178		(67.15) (16435.91)
17	2/11/02 Deposit - DAL	4.99%	11	.00150383361	(2500.00)	(247.2) (18960.63)
18	2/28/02 EDM	S	17	.00232416958		(44.07) (19004.70)
19	3/31/02 EDM	4.87%	31	.00413616438		(78.61) (19083.31)
20	4/30/02 EDM	5.01%	30	.00411780821		(78.58) (19161.89)
21	5/31/02 EDM	5.36%	31	.00455232876		(87.23) (19249.12)
22	6/30/02 EDM	5.11%	30	.00419999997		(80.85) (19329.97)
23	7/31/02 EDM	4.96%	31	.00421260273		(81.43) (19411.40)
24	8/31/02 EDM	4.58%	31	.00388986301		(75.51) (19486.91)
25	9/30/02 EDM	4.06%	30	.0033369863		(65.03) (19551.94)
26	10/31/02 EDM	3.74%	31	.00317643835		(62.11) (19614.05)
27	11/30/02 EDM	3.32%	30	.00272876112		(53.62) (19667.67)
28	12/30/02 DON LORENZ	3.58%	30	.00294246575	26545.6	(57.81) (17070.92)
29	1/31/02 EDM	S	1	.00009308219		(1.67) (17072.65)
30						
31	1/31/03 EDM	3.71%	31	.0031509589		(53.80) (17126.45)
32	2/28/03 EDM	3.53%	28	.0027079462		(46.38) (17172.8)
33	3/21/03 EDM	3.50%	31	.00297260273		(51.05) (17223.8)
34	4/30/03 EDM	3.21%	30	.00263835616		(45.44) (17269.3)
35	5/31/03 EDM	3.45%	31	.00293013698		(50.60) (17319.9)
36	6/30/03 EDM	3.32%	30	.00272876712		(47.26) (17367.1)

	(1)	(2)	(3)	(4)	(5)	(6)
LINE NO	Middletown Waste Disposal Inc Stockholder LOAN DON LORENZ	DAYS	RATE	ADDITIONS	INTEREST	BALANCE
1	6/30/03 BAL FWD					(1736718)
2	7/31/03 EOM	2.76%	31	.00234410958	(7071)	(1740789)
3	8/31/03 EOM	2.9%	31	.00248849715	(4332)	(1745121)
4	9/30/03 EOM	3.71%	30	.00304931506	(5321)	(1750442)
5	10/31/03 EOM	3.95%	31	.00335479452	(3872)	(1756314)
6	11/30/03 EOM	3.59%	30	.00295068493	(5182)	(1761496)
7	12/31/03 DON LORENZ	3.84%	31	.00326136980	61687	(1705554)
8						
9	1/31/04 EOM	3.81%	31	.00323589041	(5519)	(1711073)
10	2/29/04 EOM	3.72%	29	.00295501643	(5057)	(1716130)
11	3/31/04 EOM	3.61%	31	.0030602789	(5262)	(1721392)
12	4/30/04 EOM	3.42%	30	.0028109787	(4834)	(1726231)
13	5/31/04 EOM	3.47%	31	.00291315068	(5029)	(1731260)
14	6/30/04 EOM	4.20%	30	.00345205178	(5976)	(1737236)
15	7/31/04 EOM	4.44%	31	.0037702587	(6551)	(1743787)
16	8/31/04 EOM	4.70%	31	.0036904109	(6398)	(1750185)
17	9/30/04 EOM	4.14%	30	.00340273770	(5955)	(1756140)
18	10/31/04 EOM	3.92%	31	.00332931506	(3847)	(1761987)
19	11/30/04 EOM	3.84%	30	.00315616438	(3561)	(1767548)
20	12/31/04 DON LORENZ	3.85%	31	.00326986301	70177	(1703151)
21						
22	1/31/05 EOM	3.70%	31	.00314246575	(5352)	(1708503)
23	2/28/05 EOM	4.13%	28	.00316821917	(5413)	(1713916)
24	3/31/05 EOM	4.02%	31	.00341424657	(5852)	(1719768)
25	4/30/05 EOM	4.42%	30	.00363287671	(6248)	(1726016)
26	5/31/05 EOM	4.62%	31	.00392383361	(6772)	(1732788)
27	6/30/05 EOM	4.30%	30	.0035589041	(6167)	(1738955)
28	7/6/05 Deposit - DAL	4.16%	6	.00068383561	(2000.00)	(1189) (1740144)
29	7/31/05 EOM	5	25	.00284931506	(5528)	(1745672)
30	8/1/05 Deposit - DAL	4.23%	1	.00011589041	(5000.00)	(225) (1745897)
31	8/17/05 DAL	5	16	.00185424657	5000.00	(4535) (1750432)
32	8/31/05 EOM	5	14	.00162246575	(3165)	(1753597)
33	9/30/05 EOM	4.53%	30	.00397328767	(7274)	(1760871)
34	10/31/05 EOM	4.40%	31	.0037369863	(7328)	(1768199)
35	11/14/05 Deposit - DAL	4.57%	14	.00195287671	(2000.00)	(3450) (1771649)
36	11/30/05 ) ) )	)	16	.00100328767	(1000.00)	(4350) (1775999)
37	12/31/05 DON LORENZ	4.87%	31	.00413616438	84293	(9414) (1780120)

LINE NO	Middletown Waste Disposal Inc		DAYS	RATE	ADDITIONS	INTEREST	BALANCE	
	Stockholder Loan	DON LORENZ						
1	12/31/05	BAL FWD					< 2201120	
2	1/19/06	Deposit - DAL	5	19	0.0250907109	< 0523	< 2956643	
3	1/25/06	DAL	4.82%	6	0.0079232876	< 2343	< 2708986	
4	1/31/06	EOM	5	6	0.0079232876	< 1750	< 2210736	
5	2/28/06	EOM	4.74%	28	0.0363616438	< 8039	< 2218775	
6	3/31/06	EOM	4.86%	31	0.0412767123	< 9158	< 2227923	
7	4/30/06	EOM	5.09%	30	0.0418356164	< 9321	< 2237254	
8	5/31/06	EOM	5.20%	31	0.0441643835	< 9887	< 2247135	
9	6/30/06	EOM	5.44%	30	0.0447123297	< 10047	< 2257182	
10	7/31/06	EOM	5.43%	31	0.0441178082	< 10410	< 2267592	
11	8/31/06	EOM	5.58%	31	0.0473917808	< 10747	< 2278339	
12	9/30/06	EOM	5.39%	30	0.0443013698	< 10093	< 2288432	
13	10/31/06	EOM	5.18%	31	0.0439945205	< 10048	< 2298500	
14	11/30/06	EOM	5.05%	30	0.0415068493	< 9540	< 2308040	
15	12/31/06	DON LORENZ	5.10%	31	0.0433150684	119636	< 9997	< 2198401
16	1/31/07	Deposit - DAL	4.93%	31	0.0418712328	< 7500.00	< 9205	< 2957206
17	2/28/07	EOM	5.05%	28	0.038739726	< 11458	< 2969064	
18	3/31/07	EOM	5.22%	31	0.0443342465	< 13163	< 2982227	
19	4/30/07	EOM	4.97%	30	0.040849715	< 12182	< 2994409	
20	5/31/07	EOM	4.98%	31	0.0422958904	< 12665	< 3007074	
21	6/30/07	EOM	5.00%	30	0.0410958901	< 12358	< 3019432	
22	7/31/07	EOM	5.32%	31	0.0451835616	< 13643	< 3033078	
23	8/31/07	EOM	5.47%	31	0.0464576742	< 14097	< 3047166	
24	9/30/07	EOM	5.14%	30	0.0422465953	< 12873	< 3060039	
25	10/31/07	EOM	4.68%	31	0.0397779452	< 12163	< 3072200	
26	11/30/07	EOM	4.72%	30	0.0387945205	< 11918	< 3084120	
27	12/31/07	DON LORENZ	4.40%	31	0.037879452	147407	< 11692	< 2948400
28	1/31/08	EOM	3.88%	31	0.0329534240	< 9710	< 2958117	
29	2/29/08	EOM	3.80%	29	0.0301917808	< 8931	< 296704	
30	3/31/08	EOM	3.23%	31	0.0274328767	< 8139	< 297518	
31	4/30/08	EOM	3.12%	30	0.0256438356	< 7630	< 298281	
32	5/31/08	EOM	2.97%	31	0.0252246575	< 7524	< 299034	
33	6/30/08	EOM	3.46%	30	0.0284383561	< 8504	< 299884	
34	7/31/08	EOM	3.73%	31	0.031679452	< 9500	< 300834	
35	8/31/08	EOM	3.84%	31	0.0326136986	< 9811	< 301811	
36	9/30/08	EOM	3.74%	30	0.030739726	< 9278	< 30274	
37	10/31/08	EOM	3.44%	31	0.0292114383	< 8845	< 30362	
38	11/30/08	EOM	3.24%	30	0.0266301369	< 8086	< 30447	
39	12/31/08	DON LORENZ	3.09%	31	0.0262438756	103954	< 7990	< 29484

LINE NO	(1)	(2)	(3)	(4)	(5)	(6)
		Days	Rate	Additions	Interest	Balance
	Middletown Waste					
	Stockholder Loan					
	Paul Lichtefeld					
1	3/30/00 Deposit - PAL			< 500000	under 10000	< 500000
2	5/1/00 S - PAL			< 400000		< 900000
3	5/1/01 S - PAL			< 325800		< 1225800
4	5/31/01 EOM	5.12%	30	.00420821917	< 5155	< 1230155
5	6/30/01 EOM	5.40%	30	.00443835616	< 5460	< 1235615
6	7/31/01 EOM	5.51%	31	.00467972652	< 5782	< 1241397
7	8/15/01 Deposit - PAL	5.36%	15	.00220273972	< 3150.00	< 1555131
8	8/31/01 EOM	S	16	.00234958964	< 3663	< 1562794
9	9/30/01 EOM	5.18%	30	.00425753424	< 6654	< 1569448
10	10/31/01 EOM	4.94%	31	.00419561643	< 6585	< 1576033
11	11/30/01 EOM	4.46%	30	.00366575342	< 5777	< 1581810
12	12/19/01 Deposit - PAL	4.28%	19	.0022279452	< 1050.00	< 1690334
13	12/31/01 EOM	S	12	.00140712728	< 2379	< 1692713
14						
15	1/31/02 EOM	4.83%	31	.00410219178	< 6944	< 1699657
16	2/1/02 Deposit - PAL	4.99%	11	.00150383561	< 250000	< 1952213
17	2/28/02 EOM	S	17	.00232410958	< 4537	< 1956750
18	3/31/02 EOM	4.87%	31	.00413616438	< 8093	< 1964843
19	4/30/02 EOM	5.01%	30	.00411780821	< 8091	< 1972934
20	5/31/02 EOM	5.36%	31	.00455232876	< 8981	< 1981915
21	6/30/02 EOM	5.11%	30	.00419999999	< 8324	< 1990239
22	7/31/02 EOM	4.96%	31	.00421260273	< 8384	< 1998623
23	8/31/02 EOM	4.58%	31	.00388986301	< 7774	< 2006397
24	9/30/02 EOM	4.06%	30	.0033369863	< 6695	< 2013092
25	10/31/02 EOM	3.74%	31	.00317643835	< 6394	< 2019486
26	11/30/02 EOM	2.32%	30	.00272876712	< 5511	< 2024997
27	12/30/02 PAUL LICHTEFELD	3.88%	30	.00297246575	2654.56	< 5958
28	12/31/02 EOM	S	1	.00009308219	< 173	< 1765499
29						
30	1/31/03 EOM	3.71%	31	.0031589589	< 5564	< 1771236
31	2/28/03 EOM	3.53%	28	.0027079452	< 4796	< 1776032
32	3/31/03 EOM	3.50%	31	.00297260273	< 5279	< 1781311
33	4/30/03 EOM	3.21%	30	.00263835616	< 4700	< 1786011
34	5/31/03 EOM	3.45%	31	.00293013698	< 5233	< 1791244
35	6/30/03 EOM	3.32%	30	.00272876712	< 4888	< 1796132
36						



	(1)	(2)	(3)	(4)	(5)	(6)
Middletown Waste Disposal Inc Stockholder Loan PAUL LICHTEFELD		DAYS	RATE	Additions	Interest	Balance
1 6/30/03 BAL FWD						(1796132)
2 7/31/03 EOM	2.76%	31	.00234410958		(7210)	(1800342)
3 8/31/03 EOM	2.93%	31	.00248249715		(4480)	(1804822)
4 9/30/03 EOM	3.71%	30	.00304931506		(5503)	(1810325)
5 10/31/03 EOM	3.95%	31	.00335479452		(6073)	(1816398)
6 11/30/03 EOM	3.59%	30	.00295068493		(5360)	(1821758)
7 12/31/03 PAUL LICHTEFELD	3.84%	31	.00326136986	61687	(5941)	(1766012)
9 1/31/04 EOM	3.81%	31	.00323589641		(5715)	(1771727)
10 2/29/04 EOM	3.72%	29	.00295561643		(5237)	(1776964)
11 3/31/04 EOM	3.61%	31	.00306602739		(5448)	(1782412)
12 4/30/04 EOM	3.42%	30	.0028109589		(5010)	(1787422)
13 5/31/04 EOM	3.47%	31	.00291315068		(5207)	(1792629)
14 6/30/04 EOM	4.20%	30	.0045205479		(6188)	(1798817)
15 7/31/04 EOM	4.44%	31	.00372095289		(6783)	(1805600)
16 8/31/04 EOM	4.72%	31	.00366924109		(6625)	(1812225)
17 9/30/04 EOM	4.14%	30	.00340273922		(6167)	(1818392)
18 10/31/04 EOM	3.92%	31	.00327931526		(6054)	(1824446)
19 11/30/04 EOM	3.81%	30	.00315616438		(5758)	(1830204)
20 12/31/04 PAUL LICHTEFELD	3.85%	31	.00326986701	70177	(5985)	(1766012)
22 1/31/05 EOM	3.70%	31	.00314246575		(5550)	(1771562)
23 2/28/05 EOM	4.13%	28	.00316821917		(5613)	(1777175)
24 3/31/05 EOM	4.02%	31	.00314424657		(6068)	(1783243)
25 4/30/05 EOM	4.42%	30	.00363287671		(6478)	(1789721)
26 5/31/05 EOM	4.62%	31	.0039258356		(7023)	(1796744)
27 6/30/05 EOM	4.33%	30	.0035589041		(4394)	(1803138)
28 7/3/05 Deposit-PAL	4.16%	13	.00148164333	(2000.00)	(8672)	(2005810)
29 7/31/05 EOM	5	18	.00205150684		(4115)	(2009925)
30 8/31/05 EOM	4.23%	31	.00259260213		(7221)	(2017146)
31 9/30/05 EOM	4.53%	30	.00372328787		(7510)	(2024656)
32 10/31/05 EOM	4.40%	31	.0037369863		(7566)	(2032222)
33 11/30/05 EOM	4.67%	30	.00375616438		(7633)	(2039855)
34 12/8/05 Deposit-PAL	4.87%	16	.00213479452	(3000.00)	(4355)	(2344210)
35 12/31/05 PAUL LICHTEFELD	1	15	.00200136986	84293	(4692)	(2264609)

LINE NO	(1)						(2)		(3)		(4)		(5)		(6)	
	Middletown Waste Disposal Inc Stockholder Loan PAUL LICHTERFELD						DAYS	RATE	ADDITIONS	INTEREST	BALANCE					
1	12/31/05	BAL FWD													< 22646.09	
2	1/31/06	EOM	4.82%	31	00409369862				( 9271)					( 22738.80)		
3	2/28/06		4.74%	28	00363616438				( 8268)					( 22821.48)		
4	3/31/06		4.86%	31	00412767123				( 9420)					< 22915.68		
5	4/30/06		5.09%	30	00418356164				( 9587)					< 23011.55		
6	5/31/06		5.20%	31	00441643835				( 10163)					< 23113.18		
7	6/30/06		5.44%	30	00447123287				( 10334)					< 23216.52		
8	7/31/06		5.43%	31	00461178082				( 10707)					< 23323.59		
9	8/31/06		5.58%	31	00473917808				( 11053)					< 23434.12		
10	9/30/06		5.39%	30	00443013698				( 10382)					< 23537.94		
11	10/31/06		5.18%	31	00439945205				( 10355)					< 23641.49		
12	11/30/06		5.05%	30	00415068493				( 9813)					< 23739.62		
13	12/31/06	PAUL LICHTERFELD	5.10%	31	00430150684			119636	( 10283)					< 22646.09		
14	1/31/07	EOM	4.93%	31	00418712328				( 9482)					< 22740.91		
15	2/2/07	DEPOSIT - PAUL	5.05%	1	00017833616			( 7500.00)	( 315)					< 30244.06		
16	2/28/07	EOM	5	27	00373561643				( 11298)					< 30357.04		
17	3/31/07	EOM	5.22%	31	00443342465				( 13459)					< 30491.63		
18	4/30/07	EOM	4.97%	30	0040849315				( 12456)					< 30616.19		
19	5/31/07	EOM	4.98%	31	00422958904				( 12949)					< 30745.68		
20	6/30/07	EOM	5.00%	30	00410958904				( 12635)					< 30872.03		
21	7/31/07	EOM	5.32%	31	00451835616				( 13949)					< 31011.52		
22	7/31/07	EOM	5.47%	31	00464575342				( 14407)					< 31155.59		
23	9/30/07	EOM	5.14%	30	00422465753				( 13162)					< 31287.21		
24	10/31/07	EOM	4.68%	31	00397449452				( 12406)					< 31411.57		
25	11/30/07	EOM	4.72%	30	00387945205				( 12186)					< 31533.43		
26	12/31/07	PAUL LICHTERFELD	4.46	31	0037879452			150679	( 11945)					< 30146.09		
27	1/31/08	EOM	3.88%	31	00329534246				( 9434)					< 30245.43		
28	2/29/08	EOM	3.80%	30	00301917808				( 9132)					< 30336.75		
29	3/31/08	EOM	3.73%	31	00274328767				( 8322)					< 30419.97		
30	4/30/08	EOM	3.12%	30	00256138352				( 7801)					< 30497.98		
31	6/30/08	EOM	2.97%	31	00252246575				( 7693)					< 30574.91		
32	6/30/08	EOM	3.46%	30	00284383561				( 8695)					< 30661.86		
33	7/31/08	EOM	3.72%	31	0031679452				( 9714)					< 30759.00		
34	8/31/08	EOM	3.84%	31	00326136986				( 10032)					< 30859.32		
35	9/30/08	EOM	3.74%	30	0030739726				( 9486)					< 30954.18		
36	10/31/08	EOM	3.44%	31	00292164383				( 9044)					< 31044.62		
37	11/30/08	EOM	3.24%	30	00266301369				( 8267)					< 31127.29		
38	12/31/08	PAUL LICHTERFELD	3.09%	31	00262438352			106289	( 8169)					< 30146.09		



*Question 4. Refer to the James Headden Septic Tank Service, Inc. invoices filed in Middletown's response...A. On invoice 10015, Middletown is charged \$4,930 for the pumping and hauling of 29,000 gallons of sludge and is also charged a \$60 fuel surcharge for hauling six loads of sludge. Provide a detailed explanation as to why 29,000 gallons of sludge was removed from Middletown's treatment facilities.*

**Answer:** Middletown has been informed that the "29,000 gallons of sludge" was actually comprised of sludge, raw sewage, and anything else that would flow into the wastewater treatment plant. The sludge, sewage, etc. was transported due to an obstruction in the system.

*B. Provide a schedule for the calendar years 2006-2008 that lists the number of loads of sludge removed per year, the gallons of sludge removed, the cost per load, and the total amount billed.*

**Answer:** Attached

*C. Provide the invoices for the calendar years 2006 and 2007 to support the amounts listed in the response to 4(b).*

**Answer:** Attached

**Witness: Donald Lorenz**



# INVOICE

**JAMES HEADDEN  
SEPTIC TANK SERVICE, INC.**  
DBA/HEADDEN SEPTIC & ENVIRONMENTAL SERVICES, INC.  
3111 DIXIE HWY, LOUISVILLE, KY 40216  
PHONE (502) 448-1493 877-649-9788  
FAX (502) 448-8426

INVOICE NUMBER: 04765

PAGE: 1

**BILL TO:**

Middletown Waste Disposal, Inc.  
130 Apple Lane  
Taylorsville, KY 40071

**JOB LOCATION:**

Middletown Sewage Treatment Plant  
13105 Middletown Industrial Bvd  
Louisville, KY  
USA

ORDER NUMBER	CUSTOMER P.O.	DRIVER ID
--------------	---------------	-----------

630

CALL IN: JOE

TERMS	DATE	DUPLICATE
-------	------	-----------

Net 30 Days

7/27/06

DESCRIPTION	AMOUNT
-------------	--------

105	VAC TRUCK 3.5 HOURS	437.50
107	DUMP FEE 5,600 GAL	767.20
136	Surcharge for Diesel Fuel	14.70

7-7-06  
= 4567



*Thank You!*

**TOTAL DUE**

NOTES:

\$1,219.40

Signature \_\_\_\_\_

# INVOICE

**JAMES HEADDEN  
SEPTIC TANK SERVICE, INC.**  
DBA/HEADDEN SEPTIC & ENVIRONMENTAL SERVICES, INC.  
3111 DIXIE HWY, LOUISVILLE, KY 40216  
PHONE (502) 448-1493 877-649-9788  
FAX (502) 448-8426

INVOICE NUMBER: 05607

PAGE: 1

**BILL TO:**

Middletown Waste Disposal, Inc.  
130 Apple Lane  
Taylorsville, KY 40071

**JOB / LOCATION:**

Middletown Sewage Treatment Plan  
13105 Middletown Industrial Bvd  
Louisville, KY  
USA

QUANTITY	CUSTOMER NO.	DRIVER ID.
630	JOE SANDERS	John J. Sublett
PAYMENT TERMS	INVOICE DATE	DUE DATE
Net 30 Days	10/2/06	11/1/06

DESCRIPTION	AMOUNT
105 Vac Truck Hourly (3.5 hrs)	437.50
107 Dump Fee	219.20
136 Surcharge for Diesel Fuel	7.35

**NOTES:**

Signature \_\_\_\_\_

10-16-06  
#14636

**TOTAL DUE**

\$664.05

# INVOICE

**JAMES HEADDEN  
SEPTIC TANK SERVICE, INC.**  
DBA/HEADDEN SEPTIC & ENVIRONMENTAL SERVICES, INC.  
3111 DIXIE HWY, LOUISVILLE, KY 40216  
PHONE (502) 448-1493 877-649-9788  
FAX (502) 448-8426

INVOICE NUMBER: 05656

PAGE: 1

**BILL TO:**

Middletown Waste Disposal, Inc.  
130 Apple Lane  
Taylorsville, KY 40071

**JOB LOCATION:**

Middletown Sewage Treatment Plan  
13105 Middletown Industrial Bvd  
Louisville, KY  
USA

CUSTOMER ID	CUSTOMER P.O.	DRIVER I.D.
-------------	---------------	-------------

630	VERBAL-JOE SANDERS	
-----	--------------------	--

PAID/TERMS	INVOICE DATE	BILL DATE
------------	--------------	-----------

Net 30 Days		11/29/06
-------------	--	----------

DESCRIPTION	AMOUNT
-------------	--------

105	Vac Truck Hourly (2 hour min)	250.00
136	Surcharge for Diesel Fuel	14.70

11-4-06  
# 4563

**TOTAL DUE**

\$264.70

**NOTES:**

Signature \_\_\_\_\_



**JAMES HEADDEN  
SEPTIC TANK SERVICE, INC.**

**DBA/HEADDEN SEPTIC & ENVIRONMENTAL SERVICES, INC.**  
3111 DIXIE HWY, LOUISVILLE, KY 40216  
PHONE (502) 448-1493 877-649-9788  
FAX (502) 448-8426

# INVOICE

08450

INVOICE NUMBER:

1

PAGE:

Middletown Waste Disposal, Inc.  
130 Apple Lane  
Taylorsville, KY 40071

Middletown Sewage Treatment Plant  
13105 Middletown Industrial Bvd  
Louisville, KY  
USA

630

JOE SANDERS

Net 30 Days

*NOV. 1 2007*

12/1/07

113

Pump 1 - 5000 Gallon Load

490.00

136

Surcharge for Diesel Fuel

7.35

*11-5-07  
#4892*

**TOTAL DUE**

NOTES:

Signature \_\_\_\_\_

\$497.35

**JAMES HEADDEN  
SEPTIC TANK SERVICE, INC.**  
DBA/HEADDEN SEPTIC & ENVIRONMENTAL SERVICES, INC.  
3111 DIXIE HWY, LOUISVILLE, KY 40216  
PHONE (502) 448-1493 877-649-9788  
FAX (502) 448-8426

**INVOICE**  
08658  
INVOICE NUMBER:

1  
PAGE:

**SHIP TO**  
Middletown Waste Disposal, Inc.  
130 Apple Lane  
Taylorsville, KY 40071

**LOCATION**  
Middletown Sewage Treatment Plant  
13105 Middletown Industrial Bvd  
Louisville, KY  
USA

630 JOE SANDERS

Net 30 Days *135.07* 1/4/08

105	Vac Truck Hourly	250.00
107	Dump Fee	182.73
136	Surcharge for Diesel Fuel	10.00

*12-10-07  
# 7911*

NOTES:

Signature \_\_\_\_\_

**TOTAL DUE**

\$442.73

**JAMES HEADDEN**  
**SEPTIC TANK SERVICE, INC.**  
DBA/HEADDEN SEPTIC & ENVIRONMENTAL SERVICES, INC.  
3111 DIXIE HWY, LOUISVILLE, KY 40216  
PHONE (502) 448-1493 877-649-9788  
FAX (502) 448-8426

**INVOICE**  
09342  
INVOICE NUMBER:

1  
PAGE:

Middletown Waste Disposal, Inc.  
130 Apple Lane  
Taylorsville, KY 40071

Middletown Sewage Treatment Plant  
13105 Middletown Industrial Bvd  
Louisville, KY  
USA

630

JOE SANDERS

*Mike Devine*

Net 30 Days

*3-24-08*

4/23/08

105

Vac Truck Hourly (3 HR @  
\$125.00/HR)

375.00

136

Surcharge for Diesel Fuel

10.00

*3-26-08*  
*± 4982*

NOTES:

**TOTAL DUE**

Signature \_\_\_\_\_

\$385.00

**JAMES HEADDEN**  
**SEPTIC TANK SERVICE, INC.**  
DBA/HEADDEN SEPTIC & ENVIRONMENTAL SERVICES, INC.  
3111 DIXIE HWY, LOUISVILLE, KY 40216  
PHONE (502) 448-1493 877-649-9788  
FAX (502) 448-8426

# INVOICE

10015

INVOICE NUMBER:

1

PAGE:

Middletown Waste Disposal, Inc.  
130 Apple Lane  
Taylorsville, KY 40071

Middletown Sewage Treatment Plant  
13105 Middletown Industrial Bvd  
Louisville, KY  
USA

630

JOE SANDERS

Net 30 Days

*June 19, 2008*

*Clinton, Jerry, Kenny, John*  
*E. Clinton 7/19/08*

105

Vac Truck Hourly (Pumped  
29,000 gallons includes  
haul & dump fee)

4,930.00

136

Surcharge for Diesel Fuel  
(6 loads)

60.00

*7-9-08*  
*#5062*

NOTES:

Signature \_\_\_\_\_

**TOTAL DUE**

\$4,990.00

DEN  
ICE, INC.  
ENTAL SERVICES, INC.  
E, KY 40216  
7-649-9788  
16

# INVOICE

10886

INVOICE NUMBER:

1

PAGE:

104,900.4  
72,450.4  
177,350.4

10-20-08  
#5133

Middletown Waste Disposal, Inc.  
130 Apple Lane  
Taylorsville, KY 40071

Middletown Sewage Treatment Plan  
13105 Middletown Industrial Bvd  
Louisville, KY  
USA

630

VERBAL-JOE SANDERS

*Kenny Smallwood & John Lock*

Net 30 Days

10-15-08

11/14/08

113A	Pump 1 - 5500 Gallon Load	98/1000gal	539.00
113	Pump 1 - 5000 Gallon Load		490.00
136	Surcharge for Diesel Fuel		20.00

10-20-08  
#5133

NOTES:

TOTAL DUE

Signature \_\_\_\_\_

\$1,049.00



**JAMES HEADDEN**  
**SEPTIC TANK SERVICE, INC.**  
**SEPTIC & ENVIRONMENTAL SERVICES, INC.**  
 3111 DIXIE HWY LOUISVILLE, KY 40216  
 PHONE (502) 448-1493 877-649-9788  
 FAX (502) 448-8426

# INVOICE

10889

INVOICE NUMBER:

PAGE:

Middletown Waste Disposal, Inc.  
 130 Apple Lane  
 Taylorsville, KY 40071

Middletown Sewage Treatment Plant  
 13105 Middletown Industrial Bvd  
 Louisville, KY  
 USA

630

JOE SANDERS

*Kenny Smith*

Net 30 Days

10-10-08

11/15/08

105	Vac Truck Hourly (2.5 HRS)	125.00/hr	312.50
107	Dump Fee (5500 GALLONS)	73.09/1000 dump	402.00
136	Surcharge for Diesel Fuel	skipped off top & skimmed	10.00

*removed sludge @ other end of plant  
 in digester*

10-20-08  
 #5133



Question 5. *Refer to the Commonwealth of Kentucky Certificate of Registration for the 2000 Jeep registered to Donald Lorenz that was filed in Middletown's response to the Commission Staff's First Information Request, Item 13. Explain why Middletown should pay the taxes and insurance for a vehicle that is not registered in its name.*

**Answer:** The invoices show a \$289 auto insurance charge and a \$98 registration fee. A vehicle is required for Middletown's management to make frequent plant visits and to fulfill oversight responsibilities. This was particularly necessary in 2008 with all of the maintenance and repair issues existing at this aging plant, and will also be necessary for the foreseeable future. Donald Lorenz, the owner of the vehicle, charged this as a fee for the use of his vehicle.

**Witness: Donald Lorenz**





*Question 6. Refer to the Chase credit card statements filed in Middletown's response to the Commission Staff's first Information Request, item 13. The charges paid by Middletown to Chase are for gasoline purchases and are recorded in the Account No. 618-Gas/Oil Expense. A. Provide documentation to support the allocation of the gasoline purchases to Middletown.*

**Answer:** The charges in question appear to total \$504.96. There is no documentation supporting a cost allocation. However, a vehicle is required for Middletown's management to make frequent plant visits and to fulfill oversight responsibilities. This was particularly necessary in 2008 with all of the maintenance and repair issues existing at this aging plant, and will also be necessary for the foreseeable future.

At \$3.00 per gallon of gas, the charges rounded up to \$510 would purchase approximately 170 gallons of gas. Mr. Lorenz's office in Taylorsville is a round trip of approximately 42.5 miles, and if the vehicle gets 17 miles to the gallon, each round trip would require 2.5 gallons of gas and would suggest 68 trips were taken to the plant. This is slightly more than one visit per week, which seems reasonable in view of all the plant repair and maintenance issues necessary in 2008 and for the foreseeable future.

As stated in previous data request responses, Middletown's primary concern is that the Commission allow it sufficient revenues to efficiently operate the sewer system and to pay for needed upgrades in order to provide safe, reliable and adequate service. In order to achieve this result, some expense allowance for transportation expenses is necessary.

*B. Provide a copy of the vehicle log showing that the Jeep was used solely for Middletown.*

**Answer:** No vehicle log is kept.

**Witness: Donald Lorenz**



*Question 7. Refer to the invoices filed in Middletown's response to the Commission Staff's first Information Request, item 13. On the invoices are references to companies (Lorenz Properties, Lichtefeld Properties, DAL, Farm) other than Middletown and those companies are listed in Table 1 below. Describe the relationship between each company and Middletown; whether they share the office with Middletown; and if they do, list the office rent charged to that company. Include a detailed explanation as to how the monthly rent allocation was developed.*

**Answer:** As previously stated in response to question 11 of the Staff's first information request, no affiliated or nonaffiliated companies share Middletown's office in Taylorsville. Lorenz Properties, whose managing partner is Jack Lorenz, sometimes provides oversight to construction and/or operations of Middletown. Lichtefeld Properties has no relationship to Middletown other than one of the owners is a shareholder of Middletown. Certain legal bills for services rendered on behalf of Middletown were mistakenly sent c/o Lichtefeld Properties. Lichtefeld Properties forwarded those invoices for legal services to Middletown Waste Disposal. "DAL" refers to personal charges of Donald Lorenz, who is shareholder of Middletown. "Farm" refers to purchases made on behalf of the farm where Mr. Lorenz's personal residence and Middletown's business office are located, and there is no relationship between Middletown and the farm. Donald Lorenz's credit card invoices may have various expenses allocated to "Middletown", "Farm," or "DAL". Middletown reimburses Mr. Lorenz for any credit card purchases made on behalf of Middletown.

**Witness: Donald Lorenz**



*Question 8. Refer to Middletown's response to the Commission Staff's first Information Request, item 2(a). Middletown references an emergency repair to the treatment plant header that occurred in August 2009 of \$880. A. Is Middletown aware that it paid Sanders Sales and Service approximately \$4,035 in 2008 to repair leaks in the header?*

**Answer:** Yes. As stated previously in the response to question 2 of the Staff's first information request, Middletown stated that the air header had only been patched in the past, and estimated that it needed to spend approximately \$15,000 to replace it. Although Middletown had hoped to complete this project in 2009, it has not yet been done due to winter weather and plant priorities.

*B. Explain whether the cost to repair the header should be removed from test-period operating expenses and amortized over an appropriate period.*

**Answer:** In the response to question 2 of the first information request, Middletown recognized that certain 2009 expenditures, including an \$880 charge for emergency repairs to the treatment plant header, were capital in nature. Middletown also recognizes that the 2008 air header repairs totaling \$4,035 should not recur annually with eventual replacement of the treatment plant header.

Middletown's consistent position throughout this case has been that significant expenditures were required in 2008, and will be required in the near future, to keep this aging plant compliant. Having never had a rate increase in its entire history, Middletown's primary concern is that the Commission grants reasonable ratemaking treatment for the 2008 plant expenditures. If so, then the overall revenue requirement should be sufficient to allow Middletown the funds needed to make necessary repairs and upgrades.

**Witness: Donald Lorenz**



*Question 9. Refer to Middletown's response to the Commission Staff's first Information Request, item 11(a). Provide documentation to support Middletown's statement that the proposed office rent of \$200 per month is lower than rent which would be paid to an outside party.*

**Answer:** Attached is a survey of available office rents in the Louisville area, which shows Middletown's proposed office rent of \$200 is low in comparison.

**Witness: Donald Lorenz**



# Leasing Comparables

## Prepared for Lorenz by Alton Webb & Associate



	<b>1821 PLANTSIDE DR</b> Bluegrass Office & Retail Center, 1821  (Leased)	<b>2300 Hurstbourne Village Dr. 1100</b> 2300 Hurstbourne Village, Suite 1100, 1100  (Leased)	<b>9302 New LaGrange Road</b> New LaGrange Road, D  (Leased)	<b>746 E. Broadway</b> 746 E. Broadway, 2  (Leased)
<b>Property Type:</b>	Office for Lease	Office for Lease	Office for Lease	Office for Lease
<b>Sale Price / Lease Amount:</b>	\$500 (Monthly)	\$10.55 PSF (Annual)	\$11.65 PSF (Annual)	\$10 PSF (Annual)
<b>Contiguous Space:</b>	900 SF	950 SF	721 SF	920 SF
<b>Location:</b>	Louisville, KY 40299	Louisville, KY 40299	Louisville, KY 40242	Louisville, KY 40202
<b>Transaction Type:</b>	Lease	Lease	Lease	Lease
<b>Property Subtype:</b>	General	Business Park	Mixed Use, General	Mixed Use
<b>Property Name:</b>	Bluegrass Office & Retail Center	2300 Hurstbourne Village, Suite 1100	New LaGrange Road	746 E. Broadway
<b>Development Name:</b>	N/A	John Hoagland	N/A	N/A
<b>Market Type:</b>	N/A	N/A	Medium	N/A
<b>Gross Building Area (GBA):</b>	36,000 SF	N/A	N/A	N/A
<b>Year Built:</b>	1976	N/A	1995	N/A
<b>Year Last Renovated:</b>	N/A	N/A	N/A	N/A
<b>No. of Stories:</b>	1	N/A	1	3
<b>No. of Buildings:</b>	0	N/A	1	0
<b>Parking Type:</b>	N/A	N/A	Surface	N/A
<b>No. of Parking Spaces:</b>	120	N/A	0	0
<b>Office Space SF:</b>	N/A	N/A	N/A	N/A
<b>Space Size:</b>	900 SF	950 SF	721 SF	920 SF
<b>Space Size Units:</b>	SF	SF	SF	SF
<b>Space Number:</b>	1821	1100	D	2
<b>Space Floor:</b>	N/A	N/A	N/A	N/A
<b>Space Subcategory:</b>	Strip Center	N/A	N/A	Office Building
<b>Lease Agreement Signed:</b>	12/31/2009	11/19/2009	3/11/2009	1/26/2009
<b>Expected Occupancy:</b>	2/1/2010	11/20/2009	N/A	N/A
<b>Lease Rate:</b>	\$500 (Monthly)	\$10.55 PSF (Annual)	\$11.65 PSF (Annual)	\$10 PSF (Annual)
<b>Lease Rate Units:</b>	Total	SF	SF	SF
<b>Lease Type:</b>	N/A	Modified Gross	N/A	N/A
<b>Lease Length (Months):</b>	N/A	6 Months	0 Months	0 Months
<b>Space Type:</b>	Relet	Relet	New	Relet

# Leasing Comparables

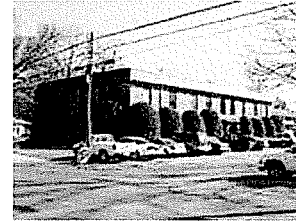
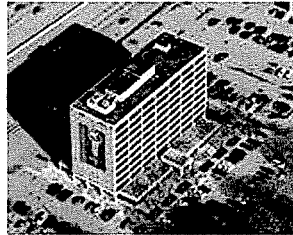
Prepared for Lorenz by Alton Webb & Associate



	13101 Magisterial Drive Horizon Office Park I, 1st flr  (Leased)	9302 New La Grange Road, Unit 1 First Floor Office Condo Near YMCA, 1  (Leased)	3333 Bardstown Road Medical Plaza, 13  (Leased)	9700 Stonestreet Road Southwest Medical Center, Bldg 1-Suite 201  (Leased)
<b>Property Type:</b>	Office for Lease	Office for Lease	Office for Lease	Office for Lease
<b>Sale Price / Lease Amount:</b>	\$18.50 PSF (Annual)	\$12 PSF (Annual)	\$13 PSF (Annual)	\$13.26 PSF (Annual)
<b>Contiguous Space:</b>	643 SF	713 SF	932 SF	652 SF
<b>Location:</b>	Louisville, KY 40223	Louisville, KY 40242	Louisville, KY 40218	Louisville, KY 40272
<b>Transaction Type:</b>	Lease	Lease	Lease	Lease
<b>Property Subtype:</b>	Medical	General	Medical	Office Building, Medical
<b>Property Name:</b>	Horizon Office Park I	First Floor Office Condo Near YMCA	Medical Plaza	Southwest Medical Center
<b>Development Name:</b>	N/A	N/A	N/A	N/A
<b>Market Type:</b>	N/A	N/A	Large	Large
<b>Gross Building Area (GBA):</b>	N/A	N/A	18,299 SF	0 SF
<b>Year Built:</b>	N/A	N/A	N/A	N/A
<b>Year Last Renovated:</b>	N/A	N/A	N/A	N/A
<b>No. of Stories:</b>	0	N/A	1	3
<b>No. of Buildings:</b>	0	N/A	1	2
<b>Parking Type:</b>	N/A	N/A	Surface	Surface
<b>No. of Parking Spaces:</b>	0	0	40	350
<b>Office Space SF:</b>	N/A	N/A	N/A	0
<b>Space Size:</b>	643 SF	713 SF	932 SF	652 SF
<b>Space Size Units:</b>	SF	SF	SF	SF
<b>Space Number:</b>	1st flr	1	13	Bldg 1-Suite 201
<b>Space Floor:</b>	1	N/A	1	2nd
<b>Space Subcategory:</b>	Office Building	N/A	Medical	Medical
<b>Lease Agreement Signed:</b>	10/23/2008	8/5/2008	7/8/2008	5/8/2008
<b>Expected Occupancy:</b>	N/A	8/5/2008	7/15/2008	6/1/2008
<b>Lease Rate:</b>	\$18.50 PSF (Annual)	\$12 PSF (Annual)	\$13 PSF (Annual)	\$13.26 PSF (Annual)
<b>Lease Rate Units:</b>	SF	SF	SF	SF
<b>Lease Type:</b>	Undisclosed	N/A	N/A	N/A
<b>Lease Length (Months):</b>	0 Months	0 Months	0 Months	0 Months
<b>Space Type:</b>	New	Relet	New	Relet

# Leasing Comparables

Prepared for Lorenz by Alton Webb & Associate



	<b>1941 Bishop Lane</b> Watterson Office Park - West Newly Renovated, 803	<b>215 Breckenridge</b> 215 Breckenridge, 204
	<b>(Leased)</b>	<b>(Leased)</b>
<b>Property Type:</b>	Office for Lease	Office for Lease
<b>Sale Price / Lease Amount:</b>	\$13.50 PSF (Annual)	\$10.50 PSF (Annual)
<b>Contiguous Space:</b>	664 SF	350 SF
<b>Location:</b>	Louisville, KY 40218	Louisville, KY 40207
<b>Transaction Type:</b>	Lease	Lease
<b>Property Subtype:</b>	Office Building	General
<b>Property Name:</b>	Watterson Office Park - West Newly Renovated	215 Breckenridge
<b>Development Name:</b>	N/A	N/A
<b>Market Type:</b>	Medium	N/A
<b>Gross Building Area (GBA):</b>	N/A	8,261 SF
<b>Year Built:</b>	N/A	1976
<b>Year Last Renovated:</b>	2006	N/A
<b>No. of Stories:</b>	10	2
<b>No. of Buildings:</b>	1	1
<b>Parking Type:</b>	Surface	N/A
<b>No. of Parking Spaces:</b>	0	0
<b>Office Space SF:</b>	N/A	N/A
<b>Space Size:</b>	664 SF	350 SF
<b>Space Size Units:</b>	SF	SF
<b>Space Number:</b>	803	204
<b>Space Floor:</b>	8th Floor	N/A
<b>Space Subcategory:</b>	Office Building	N/A
<b>Lease Agreement Signed:</b>	5/1/2008	1/14/2008
<b>Expected Occupancy:</b>	N/A	N/A
<b>Lease Rate:</b>	\$13.50 PSF (Annual)	\$10.50 PSF (Annual)
<b>Lease Rate Units:</b>	SF	SF
<b>Lease Type:</b>	N/A	N/A
<b>Lease Length (Months):</b>	36 Months	0 Months
<b>Space Type:</b>	Relet	Relet



*Question 10. Refer to the November 23, 2004 letter submitted in Middletown's response to the Commission Staff's first Information Request, item 1(b). Provide any correspondence Middletown received concerning the letter that was mailed to Larry Updike of the Commission's Engineering Division or that relates to the \$15 per-month residential rate.*

**Answer:** Attached are certain letters from and/or to the Kentucky Public Service Commission.

**Witness: Donald Lorenz**



COMMONWEALTH OF KENTUCKY  
**PUBLIC SERVICE COMMISSION**  
730 SCHENKEL LANE  
POST OFFICE BOX 615  
FRANKFORT, KY. 40602  
(502) 564-3940

December 8, 1994

Mr. Donald A. Lorenz  
Middletown Waste Disposal, Inc.  
641 Normandy Road  
Taylorsville, Kentucky 40071

Dear Mr. Lorenz:

This is in response to your letter dated November 23, 1994, regarding the proposal to establish the rate for residential customers of Middletown Waste Disposal, Inc., to be equivalent to the lowest single family rate found in Jefferson County.

Kentucky Revised Statutes require utility rates to be based on the fair, just and reasonable cost of providing service. Therefore, Middletown's proposal is not satisfactory. Rates should be established using the records from the company providing the service.

An Alternative Rate Filing for small utilities (ARF) procedure allows small utilities to adjust their rates and avoid expenses that can be incurred in a general rate filing. Commission Staff will assist in filing an ARF application at no cost to the utility.

If you choose to initiate an ARF procedure, please send correspondence to my office requesting assistance in adjusting Middletown's rates.

If you have any questions regarding this matter, please contact me or Sam Reid, Jr., of the Commission Staff at (502) 564-3940.

Sincerely,

Don Mills  
Executive Director

SR/bt

**MIDDLETOWN WASTE DISPOSAL, INC.**

641 Normandy Road  
Taylorsville, Kentucky 40071  
(502) 477-6423

June 26, 1995

Mr. Mark C. Frost  
Public Utility Financial Analyst  
Division of Financial Analysis  
Public Service Commission  
P. O. Box 615  
Frankfort, KY 40602

Dear Mr. Frost

In conformance with your request we are enclosing a copy of our operation permit which shows the monitoring requirements on a weekly basis.

We are also enclosing a copy of a letter for putting the other half of the plant in service. Jeff Wolford indicates with the projected flow of the residential customers this will be required in the not too distant future.

Below we have itemized the additional costs we feel would be applicable.

1. Power for the additional blower	\$4236.00
2. Sludge hauling	1327.00
3. Chemicals	650.00
4. Operation	<u>1200.00</u>
Total	\$7413.00

Sincerely,

MIDDLETOWN WASTE DISPOSAL, INC.

Donald A. Lorenz  
Secretary-Treasurer

DAL/saf  
enc.

**MIDDLETOWN WASTE DISPOSAL, INC.**

641 Normandy Road  
Taylorsville, Kentucky 40071  
(502) 477-6423

May 14, 1997

Don Mills, Executive Director  
Commonwealth of Kentucky  
Public Service Commission  
P. O. Box 615  
Frankfort, KY 40602

Dear Mr. Mills:

By this letter we are requesting assistance in preparing an alternate rate application form. We previously received the necessary forms and Mr. Mark C. Frost of your staff has been working on the necessary data.

We are now ready to accept the residential customers and need this alternative rate form.

Thanking you, we remain.

Sincerely yours,

MIDDLETOWN WASTE DISPOSAL, INC.

Donald A. Lorenz  
Secretary-Treasurer

DAL/saf





COMMONWEALTH OF KENTUCKY  
**PUBLIC SERVICE COMMISSION**

730 SCHENKEL LANE  
POST OFFICE BOX 615  
FRANKFORT, KY. 40602  
(502) 564-3940

May 29, 1997

Mr. Donald A. Lorenz  
Secretary - Treasurer  
Middletown Waste Disposal System  
641 Normandy Road  
Taylorsville, Kentucky 40071

Re: Rate Case Assistance.

Dear Mr. Lorenz:

The Commission has received your letter filed May 16, 1997, requesting Commission Staff ("Staff") assistance in preparing a rate case application. This is to confirm that Staff will provide Middletown Waste Disposal System ("Middletown") with assistance in preparing its application.

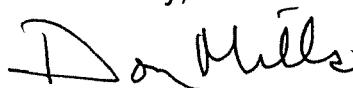
Staff member Mark Frost of the Commission's Division of Financial Analysis will be contacting you within two weeks to schedule a review of the utility's financial records. Mr. Frost will be conducting a limited review of Middletown's financial records for the calendar year 1996. The following documents and records should be made available to Mr. Frost at the limited financial review. Please disregard any of the following items do not apply to your utility.

- Billing Records which would include monthly usage information for each utility customer for the calendar year 1996.
- General Ledger, Cash Receipts, and Disbursements Journals.
- Invoices for expenditures paid during the test period, six months preceding the test period, and all subsequent months up to the current date.
- Minutes of Board of Directors Meetings.
- Copies of the Accountant's workpapers and year-end adjusting journal entries.
- Documentation (e.g., invoices, contracts, or bids) to support any increased costs that have occurred since 1996. It is the Commission's policy that pro forma adjustments must meet the rate-making criteria of being known and measurable, and supported by some form of documentation.
- Documentation (e.g., invoices, contracts, or bids) to support the estimated rate case cost.

- Computation of all taxes assessed against the Utility (Official returns/forms if available).
- Schedule of employees, including job duties, length of employment, test-period salary, and current salary.
- Schedule of insurance coverage, including type of coverage, annual premiums, effective dates, etc.
- Schedule of short and long-term debt instruments, including amortization schedules.
- Schedule of investments and current interest rates.
- All contracts and agreements, (i.e., purchased water contracts, leases, rental agreements, etc.).

Mr. Frost will be contacting you shortly to schedule the limited field review. If you should have any questions or require further information regarding the items on this list, do not hesitate to contact Mr. Frost at (502) 564-3940.

Sincerely,

A handwritten signature in black ink that reads "Don Mills". The signature is written in a cursive style with a large, stylized "D" and "M".

Don Mills  
Executive Director

DM/mf

**MIDDLETOWN WASTE DISPOSAL, INC.**

641 Normandy Road  
Taylorsville, Kentucky 40071  
(502) 477-6423

July 1, 1997

Don Mills, Executive Director  
Public Service Commission  
P. O. Box 615  
Frankfort, KY 40602

RE: Rate Case Assistance

Dear Mr. Mills:

We received your letter of May 29, 1997 indicating your willingness to assist us in preparing a rate increase application.

Your letter indicated that the financial analysis will be based on the calendar year 1996. We would like to know if it would be possible to include the six months ending June 30, 1997 in this data. We have had a dramatic increase in the cost of sludge hauling and chemicals which would be included in this information. If this would be agreeable with your staff these records would be included with the 1996 records.

We appreciate your cooperation.

Sincerely,

MIDDLETOWN WASTE DISPOSAL, INC.

Donald A. Lorenz  
Secretary-Treasurer

DAL/saf

**MIDDLETOWN WASTE DISPOSAL, INC.**

641 Normandy Road  
Taylorsville, Kentucky 40071  
(502) 477-6423

November 12, 1997

Mr. Mark C. Frost  
Public Utility Financial Analyst  
Division of Financial Analysis  
Public Service Commission  
P. O. Box 615  
Frankfort, KY 40602

Dear Mr. Frost:

In May we wrote requesting assistance in preparing an alternate rate application form, a copy of that is enclosed.

As of this date we have had no reply from your office and ask that you please contact us regarding this letter at your earliest convenience.

Sincerely,

MIDDLETOWN WASTE DISPOSAL, INC.

Donald A. Lorenz  
Secretary-Treasurer

DAL/saf  
enc.

**MIDDLETOWN WASTE DISPOSAL, INC.**

641 Normandy Road  
Taylorsville, Kentucky 40071  
(502) 477-6423

December 10, 1997

Sam Reid, Jr.  
Public Utility Rate Analyst  
Public Service Commission  
Commonwealth of Kentucky  
730 Schenkel Lane  
P. O. Box 615  
Frankfort, KY 40602

RE: MIDDLETOWN WASTE DISPOSAL, INC.

Dear Mr. Reid:

Enclosed please find a copy of the printout provided by The Louisville Water Company for Eastgate Village Patio Homes and the paid invoice to the Spencer County Clerk. Both of these items were requested during your audit.

Should you need anything further, please do not hesitate to contact me.

Sincerely,

MIDDLETOWN WASTE DISPOSAL, INC.

Donald A. Lorenz  
Secretary-Treasurer

DAL/saf  
encs.

pac	REGULAR-ON	SVC-TYPE	READ-DT	TIM	BNK-083000056	MIN BILL	PREV BAL	.00
MT27115	01 9	EPA-COM	10/06/97	928	45692906	216.00	CUR DRN	.00
EAST GATE VILLAGE		DAYS	CONT	REF-ACCT	BDT	10/14/97	PAYMENT	.00
12200,AIKEN RD		60	M-C922		TDT	11/18/97	*TOT DRN	.00
MAIL TO		SIZE	TAX	SEW-SUR-CHG	WAT-SUR-CHG		-----	
409 EASTGATE WYNDE		4	YES	.00	.00		PREV BAL	.00
LOUISVILLE, KY		SEW #	SEW-RATE		ESU		CUR SEW	.00
	40223-0000	000	.00		"	0	QUAL/SUR	.00
TEL:???	???	OCCUP-DT	LAST D/B	CUST	PV-CALL	LAST RCK	SALES TX	.00
SSN:???????	08/21/96			NEW	NO	00/00/00	PAYMENT	.00
MO	EST	CONS	ADJ	READING	PMT	PAY DATE	AMOUNT	
10		67		0	REG	10/28/97	387.39	*TOT SEW .00
9	I	174		0	NET	10/13/97	572.02	-----
6	NEGRD	70		0	REG	07/01/97	383.81	PREV BAL .00
4		78		0	NET	05/22/97	364.56	CUR WAT 338.48
2		49		0	GRS	03/18/97	339.07	SALES TX 20.31
12		89		0	REG	01/06/97	391.68	SUR/SC TX .00
10		0	OTHER	METER-NUMBER	LOC	LATE PAY BAT RLS	LTCG	28.60
0		0		0000-00000000		03/18/97 B	CSH	PAYMENT 387.39CR
0		0				LAST ADJ	NBE	*TOT WAT .00
0		0				11/25/96	-----	
0		0				ATTACH: 279766	***NET	.00
0		0	NOTHING	PENDING			***GROSS	.00
0		0	INSP	READ	0		DUE DATE	11/04/97

CERTIFICATE NO. :  
**5239326 -T**

**COMMONWEALTH OF KENTUCKY**  
**CERTIFICATE OF REGISTRATION**  
Fee and Tax Receipt



IF BLOCK IS MARKED  
SEE REVERSE SIDE

CONTROL NO. : 96-0-01-15731  
DECAL NO. : LH248538  
REGISTRATION TYPE : RENEWAL DECAL ONLY

PLATE NUMBER : 88 TL8274 UD

EXPIRES : 08-30-97  
PREV. PLATE NO. : 88 TL8274  
PREV. DECAL NO. : C897619  
SPECIAL REGIS./LIMITED LOCATION REGIS. : REGULAR REGIS.  
REGISTRATION FEE : 6,000

VEHICLE TYPE : TRUCK  
VEHICLE IDENTIFICATION : 1J4FJ78SXNL132284

VEH. YR. : 92  
VEH. STYL. : 4D  
MAKE : JEP  
TITLE NO. : 952781080001

SIGNATURE :

OWNER(S) NAME(S) ADDRESS, SO. SEC. NO(S)  
STAR BANK, NA., CINCINNATI

P. O. BOX 5210  
CINCINNATI OH 45201

DATE OF ISSUE : 11-19-96  
CLERK ID : 489

NOT VALID  
FOR  
TRANSFER  
OF  
OWNERSHIP

LESSEE/EMPLOYEE

TY78108W 96/11/19 15:29:51

COUNTY CLERK : ROBIN G. WALDRIDGE  
COUNTY OF ISSUANCE : SPENCER COUNTY

KY TC-96-181 REV. 7/95

USAGE TAX	TAXABLE VALUE	
	6% TAX	
	TAX CREDIT	0.00
REG. FEE	STATE FEE	8.64
	CLERK FEE	3.00
TITLE FEE	STATE FEE	
	CLERK FEE	
AD VALOREM TAX	ASSESSED VALUE	16,315
	CURR. YR. TAX	233.21*
	PREV. YRS. TAX	

CLERK LIEN 1.00  
PAID 245.85\*

Taxes Pd.

MIDDLETOWN WASTE DISPOSAL

641 NORMANDY RD.  
TAYLORSVILLE, KY 40071

11/19 19 96

73-217,  
830

PAY TO THE ORDER OF Robin G. WALDRIDGE CLERK

\$ 245.85

Two hundred forty five & 85/100 DOLLARS



FOR \_\_\_\_\_

*[Signature]*

⑈002265⑈ ⑆083002177⑆ ⑈300 0583⑈ ⑆0000024585⑆

*Vca*

\* FEDERAL RESERVE BOARD OF GOVERNORS REG. CC

⑈083000593⑈  
11/22/96

⑈00000000⑈

← 083002177 ← COMPANY

⑈083000056⑈  
COMMONWEALTH BANK & TRUST COMPANY  
NATIONAL CITY BX 11/22/96  
101 S. 5TH LOU. KY 40201

11 22 96

← 083002177 →

PAID

NOV 21 '96

⑈085905690⑈  
THE PEOPLES BANK  
TAYLORSVILLE, KY  
⑈083905690⑈

DO NOT WRITE, STAMP OR SIGN BELOW THIS LINE  
RESERVED FOR FINANCIAL INSTITUTION USE \*

1 1 1 1 8 1 7 5 1

For Deposit Only  
ENDORSE HERE  
Peoples Bank  
Taylorsville, KY  
Spencer Co. Clerk



310 West Liberty Street  
Suite 303  
Louisville, Kentucky 40202  
Phone 584-0022

Rick Dahlgren  
Donald L. McAllister

Fax 502-584-6802

May 06, 1999

MR. SAM REID, JR.  
PUBLIC UTILITY RATE ANALYST  
PUBLIC SERVICE COMMISSION  
COMMONWEALTH OF KENTUCKY  
730 SCHENKEL LANE  
P O BOX 615  
FRANKFORT, KY 40602

RE: MIDDLETOWN WASTE DISPOSAL, INC.

DEAR MR. REID:

AS THE ACCOUNTING FIRM FOR MIDDLETOWN WASTE DISPOSAL, INC. WE HAVE REVIEWED THE PROPOSED RATES AND OVERLAID THEM WITH SIX MONTHS OF THE 1998 ACTUAL AND PROPOSED AMOUNTS.

BASED ON THOSE NUMBERS FOR THAT SIX MONTHS TEST PERIOD THIS INDICATES THAT THERE WOULD BE A 28% REDUCTION IN REVENUE FROM THE COMMERCIAL CUSTOMERS TOTALING SOME FOURTEEN ODD THOUSAND DOLLARS.

WE CAN APPRECIATE YOUR PROPOSED ADJUSTMENTS TO REDUCE INCOME BY APPROXIMATELY \$4,100.00 PER YEAR, HOWEVER, IT DOESN'T APPEAR THAT THIS FORMULA WORKS UNLESS YOU ARE ASKING US TO SHIFT THE BURDEN FROM THE 58 INDUSTRIAL CUSTOMERS TO THE 13 INDIVIDUAL AND 1 CONDOMINIUM. THIS WOULD MEAN SHIFTING THE BURDEN OF \$10,244.00 DIVIDED BY 14 CUSTOMERS FOR A TOTAL OF \$732.00 FOR A 6 MONTH PERIOD OF TIME EACH.

THE YEARLY REVENUE OF \$89,102.48 IS ACCEPTABLE FOR US TO CHARGE IN A MANNER THAT DOES NOT INCITE THE INDIVIDUAL CUSTOMERS THAT ARE A PART OF THIS CUSTOMER BASE.

I REQUEST, AT THIS TIME, THAT WHOEVER PUT THIS FORMULA TOGETHER CONTACT US SO THAT WE MAY SIT DOWN AND HAVE A MEETING TO FIGURE OUT THIS PROBLEM.

VERY TRULY YOURS,

RICK DAHLGREN  
VE  
CC: MIDDLETOWN WASTE DISPOSAL, INC.

NORMALIZED BILLING ANALYSIS  
MIDDLETOWN WASTE DISPOSAL  
SUMMARY

<u>CLASSIFICATION</u>	<u>BILLS</u>	<u>USAGE</u>	<u>REVENUE</u>
ENGLISH STATION SHOPPING CENTER	96	8,348,000	\$34,944
INDUSTRIAL	240	7,741,700	52,156
EASTGATE VILLAGE 24 UNITS @ \$15/MONTH	6	1,440,000	4,320
RESIDENTIAL (10 units @ \$15/month 5,000 gallons/month per unit	120	600,000	1,800
<hr/>			
TOTALS	462	18,129,700	\$93,220

Middletown Waste Disposal, Inc.  
Operating Revenues and Expenses - Actual and Pro Forma  
Test Period 1997

	Actual Operations	Pro Forma Adjustments	Adj. Ref.	Pro Forma Operations
Operating Revenue:				
Commercial Customers	\$ 77,002	\$ 16,218	A	\$ 93,220
Total Operating Revenues	<u>\$ 77,002</u>	<u>\$ 16,218</u>		<u>\$ 93,220</u>
Operating Expenses:				
Management Fees	14,400	(10,800)	B	3,600
Sludge Hauling	3,148	(165)	C	2,983
Utility Service - Water Cost	-	2,876	D	2,876
Purchased Power	12,040	(1,266)	E	10,774
Chemicals	2,333	1,397	F	3,730
Miscellaneous - Treatment & Disposal Plant	2,420	(2,420)	G	-
Maintenance of Treatment & Disposal Plant	-	1,450	H	1,450
Maintenance - Other Plant Facilities	-	1,859	H	1,859
Routine Service Maintenance Fees	20,002	(15,172)	H	4,830
Maintenance - Internal Supervision and Engineering	-	3,600	A	3,600
Administrative & General Salaries	-	3,600	A	3,600
Office Supplies & Other Expenses	1,439	-		1,439
Outside Services Employed	12,697	-		12,697
Other Outside Services - KPDES Testing	-	2,160	G	2,160
Insurance	3,093	(1,258)	I	1,835
Regulatory Commission Expense	-	141	J	141
Transportation Expense	-	6,193	K	6,193
Miscellaneous General Expenses	4,095	(4,095)	L	-
Rents	1,200	-		1,200
Depreciation	18,478	(17,999)	M	479
Amortization - KPDES Permit	-	240	N	240
Amortization - Repair to Aeration System in Lagoon	-	456	O	456
Taxes Other Than Income	2,793	(141)	J	2,652
Total Operating Expenses	<u>\$ 98,138</u>	<u>\$ (29,344)</u>		<u>\$ 68,794</u>
Other Income:				
Interest	278	-		278
Other Expense:				
Interest	(9,116)	-		(9,116)
Net Income Available for Operations	<u>\$ (29,974)</u>	<u>\$ 45,562</u>		<u>\$ 15,588</u>

Middletown Waste Disposal, Inc.  
Pro Forma Adjustments  
Test Period 1997

A	Commercial and Industrial Revenue per Annual Report to the PSC	\$ 77,002
	<u>Pro Forma Adjustments:</u>	
	CPA error understating 1997 revenue by overstating 12/31/96 accounts receivable	10,736
	Adjustment for 1996 Utility overbillings repaid in 1997	2,806
	Adjustment to normalize commercial and industrial revenue	620
	Adjustment to net sales tax from 1997 revenues	(4,064)
	Adjustment for normalized revenues from Eastgate Village condominiums	4,320
	Adjustment for normalized revenues from residential customers	1,800
	Subtotal - Pro Forma Adjustments	16,218
	Pro Forma Balance	\$ 93,220
B	Owner/Manager Fee:	
	Paul Lichtefeld \$ - monthly X 12	\$ -
	Donald Lorenz \$ 300 monthly X 12	3,600
	Requested Owner/Manager Fee	\$ 3,600
	Owner/Manager Fee per 1997 PSC Annual Report	14,400
	Pro Forma Adjustment - Owner/Manager Fee	\$ (10,800)
	Portion of Owner/Manager Fee per 1997 PSC Annual Report that should be classified as Maintenance - Internal Supervision and Engineering	\$ 3,600
	Pro Forma Adjustment - Maintenance - Internal Supervision and Engineering Expense requested	\$ 3,600
	Portion of Owner/Manager Fee per 1997 PSC Annual Report that should be classified as Administrative & General Salaries	\$ 3,600
	Pro Forma Adjustment - Administrative & General Salaries Expense requested	\$ 3,600

Middletown Waste Disposal, Inc.  
Pro Forma Adjustments  
Test Period 1997

C In 1997 only one sludge hauling bill was incurred in the amount of \$3,148 for abnormally thick sludge. In 1998, through September \$2,243 in sludge hauling expense was incurred. 1997 was not a representative test year for this cost. Thus, the amount incurred for 1998 through the end of September annualized will be used as the best estimate of this expense for the test period.

Sludge Hauling Expense:

Nine months expense for 1998	\$ 2,243
Annualization factor	1.33
Requested Sludge Hauling Expense	\$ 2,983
Sludge Hauling Expense per 1997 PSC Annual Report	3,148
Pro Forma Adjustment - Sludge Hauling Expense	\$ (165)

D Utility Service - Water Cost in the amount of \$1,266 was included as part of Purchased Power on the 1997 PSC Annual Report. 1997 was not a representative test year because the dechlorination process was not required by the Natural Resources Environmental Protection Cabinet, Division of Water ("DOW") until July 1997. Thus, water utilized after the dechlorination system was placed into service July 1997 increased. Accordingly, the closest measured service period to the utilization of the new system will be used for Pro Forma Expense.

Utility Service - Water Cost:

<u>Service Period</u>	<u>Gallons (000's)</u> <u>Consumed</u>	<u>\$</u> <u>Amount</u>
8/7/97 10/6/97	231	\$ 470.28
10/6/97 12/9/97	247	502.16
12/9/97 2/11/98	176 (estimated bill)	366.48
2/11/98 4/6/98	268	552.75
4/6/98 6/8/98	241	498.08
6/8/98 8/6/98	235	485.97
Pro Forma Adjustment/Expense		\$ 2,876

E Purchased Power per 1997 PSC Annual Report	\$ 12,040
Pro Forma Adjustment - For Utility Service-Water Cost included with Purchased Power on Annual Report	(1,266)
Requested Purchased Power Expense	\$ 10,774

Middletown Waste Disposal, Inc.  
Pro Forma Adjustments  
Test Period 1997

- F After the dechlorination process was required by DOW July 1997, the utility's chemical costs increased significantly. Thus, the 1997 amount per the PSC Annual Report is not representative for rate-making purposes. In order to provide a better measure of expense for the test period, below is a listing of chemical costs from July 1997 through June 1998.

<u>Invoice #</u>	<u>Check #</u>	<u>Date Paid</u>	<u>Vendor</u>	<u>\$</u> <u>Amount</u>	<u>Description</u>
380214	2422	7/1/97	Technical Products, Inc.	\$ 593.36	liquid chlorine
390880	2427	7/9/97	Technical Products, Inc.	227.64	sodium bisulphite
394215	2427	7/9/97	Technical Products, Inc.	177.64	sodium bisulphite
383296	2480	9/17/97	Technical Products, Inc.	355.28	sodium bisulphite
396376	2499	10/6/97	Technical Products, Inc.	355.28	sodium bisulphite
404850	2519	11/18/97	Ulrich Chemical, Inc.	355.28	sodium bisulphite
412140	2556	1/13/98	Ulrich Chemical, Inc.	600.14	liquid chlorine & sodium bisulphite
419732	2585	3/3/98	Ulrich Chemical, Inc.	355.28	sodium bisulphite
424893	2610	4/8/98	Ulrich Chemical, Inc.	355.28	sodium bisulphite
430576	2638	5/13/98	Ulrich Chemical, Inc.	355.28	sodium bisulphite
Requested Chemicals				<u>\$ 3,730</u>	
Chemicals per 1997 PSC Annual Report				2,333	
Pro Forma Adjustment - Chemicals				<u><u>\$ 1,397</u></u>	
G Miscellaneous - Treatment & Disp. Plant per 1997 PSC Annual Report				\$ 2,420	
Costs Misclassified:					
Other Outside Services - KPDES Testing(\$ 180/month)				(2,160)	
Special testing of dechlorination system to capitalize				(260)	
Pro Forma Adjustments				<u>(2,420)</u>	
Miscellaneous - Treatment & Disp. Plant requested				<u><u>\$ -</u></u>	
H Routine Maint. Svc. Fees per 1997 PSC Annual Report				\$ 20,002	
Expenses misclassified:					
Maintenance of Treatment and Disposal Plant				(1,450)	
Maintenance - Other Plant Facilities				(1,859)	
Transportation Costs				(4,959)	
Costs required to be capitalized and depreciated/amortized				(7,219)	
Pro Forma Adjustments - misclassifications				<u>(15,487)</u>	
Subtotal				<u>\$ 4,515</u>	
Pro Forma Adjustment to normalize \$ 52.50 per month increase in monthly operating fee effective 7/1/96.				315	
Routine Maintenance Service Fees requested				<u><u>\$ 4,830</u></u>	

Middletown Waste Disposal, Inc.  
Pro Forma Adjustments  
Test Period 1997

I	Insurance Expense per 1997 PSC Annual Report	\$ 3,093
	Reclassify auto insurance premium to Transportation Expense	(1,272)
	Pro Forma Adjustment for premium increase in 1998	14
	Pro Forma Adjustments	<u>(1,258)</u>
	Insurance Expense requested	<u>\$ 1,835</u>
J	Regulatory Commission Expense per 1997 PSC Annual Report	\$ -
	PSC Assessment Fee reclassified from Taxes Other Than Income	141
	Pro Forma Adjustment/Regulatory Commission Expense requested	<u>\$ 141</u>
K	Transportation Costs reclassified from Routine Maintenance Service Fee ( see Pro Forma Adjustment H & I):	
	Auto lease ( 80% business use) \$	4,220
	Fuel (100 % business use)	265
	Vehicle maintenance ( 80% business use)	474
	Insurance ( 80% business use)	1,272
	Subtotal	\$ 6,231
	Increase in lease cost for new vehicle upon termination of old lease	776
	Increase in insurance cost	668
	Total Transportation Costs before reduction for nonbusiness use	<u>\$ 7,675</u>
	Nonbusiness use ( 20%):	
	Auto lease	(999)
	Vehicle maintenance	(95)
	Insurance	(388)
	Pro Forma Adjustment/Transportation Expenses requested	<u>\$ 6,193</u>
L	Pro Forma Adjustments:	
	To eliminate Meals & Entertainment for rate-making purposes	\$ (31)
	To net sales tax from 1997 revenues ( see Adjustment A)	(4,064)
	Total Pro Forma Adjustments to Miscellaneous General Expenses	<u>\$ (4,095)</u>
	Miscellaneous General Expense per 1997 PSC Annual Report	4,095
	Miscellaneous General Expense requested	<u>\$ -</u>
M	Depreciation Expense per 1997 PSC Annual Report	\$ 18,478
	Less: Utility Plant Fully Funded by Contributions in Aid of Construction	(18,478)
	Costs reclassified to depreciate: <u>Useful life</u> <u>Straight-line depreciation</u>	
	Dechlorinator,	
	installation & testing \$ 2,123 10 \$	212
	Diffusers (4) 800 3	267
	Net Pro Forma Adjustments to Depreciation Expense	<u>(17,999)</u>
	Depreciation Expense requested	<u>\$ 479</u>

Middletown Waste Disposal, Inc.  
Pro Forma Adjustments  
Test Period 1997.

N	Amortization of KPDES permit effective 1994 to 1999:		
	Cost       \$   1,200 Amortization years	5	\$       240
	Pro Forma Adjustment/Amortization Expenses requested		<u>\$       240</u>
O	Cost of repairs to Lagoon System reclassified to amortize:		
	From Adjustment H       \$   4,556 Amort yrs	10	\$       456
	Pro Forma Adjustment/Amortization Expenses requested		<u>\$       456</u>



Middletown Waste Disposal, Inc.  
Determination of Revenue Requirement  
Test Period 1997

	<u>Amount</u>
Pro Forma Operating Expenses	\$ 68,794
Divided by: Requested Operating Ratio	88%
Subtotal	<u>78,175</u>
Less: Pro Forma Operating Expenses	68,794
Margin After Income Taxes	<u>9,381</u>
Multiplied by: Income Tax Gross-up Factor	1.22549
Margin Before Income Taxes	<u>11,497</u>
Add: Pro Forma Operating Expenses	68,794
Interest Expense	<u>9,116</u>
Total Revenue Requirement	<u>89,407</u>
Less: Non-Operating Income - Interest	<u>278</u>
Revenue Requirement from Operations	<u>89,129</u>
Less: Forfeited Discounts	<u>-</u>
Revenue Requirement from Rates	<u>89,129</u>
Less: Normalized Operating Revenues from Rates	<u>93,220</u>
Requested Operating Revenue Increase (Decrease)	<u>\$ (4,091)</u>



