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PUBLIC SERVICE  
COMMISSION

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

PARKSVILLE WATER DISTRICT

v.

CITY OF DANVILLE

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CASE NO.

2014-00314

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**ANSWER**

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Comes now the Defendant City of Danville (“City”), by counsel, and for its Answer to the Complaint states as follows:

**FIRST DEFENSE**

The Complaint fails to state a claim against this Defendant upon which relief can be granted and should be dismissed.

**SECOND DEFENSE**

The City has not implemented a rate increase. It is charging Parksville the same rates that were approved by the Commission in Case Nos. 2007-00405 and 2008-00176.

**THIRD DEFENSE**

1. The City is without sufficient information or knowledge to form a belief as to the allegations of paragraph 1 of the Complaint and therefore denies the allegations of those paragraphs.

2. The City admits the allegations of paragraph 2 of the Complaint, and specifically that it provides wholesale water service to Parksville Water District, Garrard County Water Association, Lake Village Water Association, and the City of Hustonville.

3. The City admits the allegations of paragraph 3 of the Complaint.

4. The City admits the allegations of paragraph 4 of the Complaint to the extent that the Settlement Agreement is consistent with law and that it outlines only a portion of the governing relationship between the parties.

5. The City admits the allegations of paragraph 5 of the Complaint.

6. With respect to the allegations of paragraph 6 of the Complaint, the City admits that Exhibit 3 is a letter dated August 20, 2014, indicating that the City was proposing to increase the wholesale water rate to Parksville to \$2.68 per 1,000 gallons. As the letter indicates, the city had previously notified Parksville that it intended to increase its wholesale rates. The City met with representatives of Parksville and other wholesale customers on July 23, 2014, at which the cost-of-service study was distributed to the Parksville representatives.

7. The City denies the allegations of paragraph 7 of the Complaint.

8. With respect to the allegations of paragraph 8 of the Complaint, the City denies that the new rates have actually gone into effect.

9. With respect to the allegations of paragraph 9 of the Complaint, the City is without sufficient information or knowledge to form a belief as to what Parksville believes. The City denies the remaining allegations of paragraph 9 of the Complaint.

10. Paragraph 10, 11, and 12 of the Complaint state a conclusion of law which does not require a factual response of this Defendant, but to the extent a response is deemed

necessary, Defendant denies so much of the allegations of paragraphs 10, 11, and 12 of the Complaint.

11. The City denies the allegations of paragraph 13 of the Complaint. Parksville has sufficient opportunity to increase its rates pursuant to KRS 278.015.

12. With respect to the allegations of paragraph 14 of the Complaint, the City admits that it provided an explanation of the rate increase on multiple occasions and denies the allegation that it has not provided Parksville with a complete copy of the cost-of-service study.

13. With respect to the allegations of paragraph 15 of the Complaint, the City admits that the cost-based rate for the City to provide service to Parksville is higher than the cost-based rate of Garrard County Water Association and Lake Village Water Association. The City denies the remaining allegations of the paragraph.

14. With respect to the allegations of paragraph 16 of the Complaint, the City is without sufficient information or knowledge to form a belief as to what Parksville believes. The City denies the remaining allegations of paragraph 16 of the Complaint.

15. The City denies the remaining allegations of the Complaint not specifically admitted herein.

WHEREFORE, the City respectfully requests judgment be entered in its favor, and that Parksville's Complaint be dismissed and that it take nothing thereby. Because the City has not implemented any proposed rate increase, there cannot be a claim that the increase is void and such claim should be dismissed. Because the City has not sought Public Service Commission acceptance of the proposed rate that is the subject matter of Parksville's Complaint, the claim that the proposed rate increase is unreasonable should be dismissed as not ripe. If any future proposed rate increase by the City is incorporated into this proceeding for a determination on the

reasonableness of the City's wholesale rates, the City requests a surcharge for reasonable rate case expense.

Respectfully submitted,



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ATTORNEYS FOR CITY OF DANVILLE

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing was served via U.S. Mail, postage prepaid, to the following on September 25, 2014:

Jeffrey W. Jones  
Jeffrey W. Jones, PLLC  
1000 East Lexington Avenue, #3  
Danville, KY 40422



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COUNSEL FOR CITY OF DANVILLE