

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF NORTHERN KENTUCKY	)	
WATER DISTRICT FOR (A) AN ADJUSTMENT	)	
OF RATES; (B) A CERTIFICATE OF PUBLIC	)	CASE NO. 2002-00105
CONVENIENCE AND NECESSITY FOR	)	
IMPROVEMENTS TO WATER FACILITIES IF	)	
NECESSARY; AND (C) ISSUANCE OF BONDS	)	

O R D E R

On December 23, 2002, the city of Taylor Mill ( Taylor Mill ) moved the Commission to strike the testimony of Northern Kentucky Water District s ( NKWD ) accounting witness James C. Sparrow ( Sparrow ) based on a conflict of interest. Taylor Mill states that Sparrow is an accountant with the accounting firm Rankin, Rankin & Company ( Rankin ) and that said accounting firm has been, and currently is, the accounting firm used by Taylor Mill. It states that the issue presented to the Commission is whether Rankin can adequately and fairly represent both NKWD and Taylor Mill. It offers two grounds to support its motion. First, it contends that Sparrow has repeatedly refused requests to assist Taylor Mill in this proceeding. Second, that NKWD s use of Sparrow as a witness has provided NKWD with the unjust advantage of having access to Taylor Mill s confidential financial information.

On December 30, 2002, NKWD filed a response to the motion. NKWD contends that the Commission is not the agency empowered to make a finding of whether Sparrow has violated professional standards, that Taylor Mill should be estopped from raising this issue at this stage of the proceeding, and that Taylor Mill s suggestion that

Sparrow shared information that inspired certain questions should be moot since the Commission ruled that those questions were not relevant to the proceeding.

Having considered the motion and the response thereto, the Commission finds that the Motion to Strike the Testimony of Sparrow should be denied. The issue in this proceeding is whether the rates proposed by NKWD are fair, just and reasonable. It is NKWD's financial information that is relevant, not Taylor Mill's, and it is NKWD's financial information that will be considered by the Commission in this proceeding. The Commission does not believe that Taylor Mill has been, or will be, prejudiced by Sparrow's or Rankin's representation of NKWD.

IT IS THEREFORE ORDERED that Taylor Mill's Motion to Strike the Testimony of James C. Sparrow is denied.

Done at Frankfort, Kentucky, this 3<sup>rd</sup> day of December, 2003.

By the Commission

ATTEST:

Deputy W. H. Fowler  
Executive Director