

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ALLEGED FAILURE OF THE CITY)
OF DANVILLE TO COMPLY WITH)
KRS 278.160 AND 278.180 AND THE) CASE NO. 2008-00176
COMMISSION'S ORDER OF)
AUGUST 10, 1994 IN)
ADMINISTRATIVE CASE NO. 351)

ORDER

On May 22, 2008, the Commission found prima facie evidence that the City of Danville ("Danville") has violated KRS 278.160, KRS 278.180 and the Commission's Order of August 10, 1994 in Administrative Case No. 351 by failing to notify the Commission of a proposed increase in its wholesale water service rate prior to implementing such increase. The Commission ordered Danville to show cause, inter alia, "why it should not be subject to the penalties prescribed in KRS 278.990(1) for its alleged failure to comply with the provisions of KRS Chapter 278 and of the Commission's Order of August 10, 1994 in Administrative Case No. 351." Parksville Water District ("Parksville"), Lake Village Water Association, Inc. ("Lake Village"), and Garrard County Water Association, Inc. ("Garrard") were made parties to the proceeding.

Following a hearing on March 10, 2009, Danville notified the Commission that the parties had begun settlement negotiations. On April 10, 2009, the Commission granted Danville's request for additional time to respond to certain post-hearing discovery and to file written briefs. On April 24, 2009, a joint motion was filed by the parties to suspend

certain deadlines set at the March 10, 2009 hearing and by Order dated April 10, 2009. The parties were given until June 1, 2009 to file any settlement agreements with the Commission.

On June 1, 2009, Danville and Parksville filed a Motion for Acceptance of Proposed Settlement Agreement. Pursuant to this proposed settlement, Danville and Parksville “agree to compromise all disputes, issues and questions about usage, charges, billings and payments up through and including the month of April 2009 for the payment by Danville to Parksville of the amount of \$38,171.18.”

On June 1, 2009, Danville and Lake Village filed a Motion for Acceptance of Proposed Settlement Agreement. Pursuant to this proposed settlement, Danville and Lake Village “agree to compromise all disputes, issues and questions about usage, charges, billings and payments up through and including the month of April 2009 for the payment by Danville to Lake Village of the amount of \$28,845.14.”

On June 4, 2009, Danville and Garrard filed a Motion for Acceptance of Proposed Settlement Agreement. Pursuant to this proposed settlement, Danville and Garrard “agree to compromise all disputes, issues and questions about usage, charges, billings and payments up through and including the month of April 2009 for the payment by Danville to Garrard of the amount of \$18,270.44.”

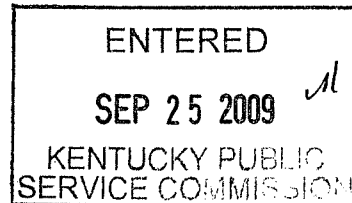
In its review of the three settlement agreements (Danville and Parksville, Danville and Lake Village, and Danville and Garrard), the Commission finds that Danville should be subject to penalties prescribed by KRS 278.990(1) for its alleged failure to comply

with KRS Chapter 278 and the Commission's Order of August 10, 1994 in Administrative Case No. 351, which has not yet been addressed in this action.

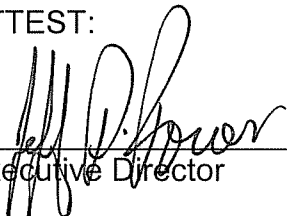
The Commission HEREBY ORDERS that:

Within 10 days of the entry of this Order, the parties shall file written responses as to why Danville should or should not be subject to the penalties prescribed in KRS 278.990(1) for its alleged failure to comply with the provisions of KRS Chapter 278 and of the Commission's Order of August 10, 1994 in Administrative Case No. 351.

By the Commission



ATTEST:



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