

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF THE )  
WHOLESALE WATER SERVICE RATES OF ) CASE NO. 2014-00392  
CITY OF DANVILLE )

NOTICE OF FILING

Notice is given to all parties that the following materials have been filed into the record of this proceeding:

- The digital video recording of the evidentiary hearing conducted on June 3, 2015 in this proceeding;
- Certification of the accuracy and correctness of the digital video recording;
- All exhibits introduced at the evidentiary hearing conducted on June 3, 2015 in this proceeding;
- A written log listing, *inter alia*, the date and time of where each witness' testimony begins and ends on the digital video recording of the evidentiary hearing conducted on June 3, 2015.

A copy of this Notice, the certification of the digital video record, hearing log, and exhibits have been electronically served upon all persons listed at the end of this Notice. Parties desiring an electronic copy of the digital video recording of the hearing in Windows Media format may download a copy at: [http://psc.ky.gov/av\\_broadcast/2014-00392/2014-00392\\_03Jun15\\_Inter.aspx](http://psc.ky.gov/av_broadcast/2014-00392/2014-00392_03Jun15_Inter.aspx). Parties wishing an annotated digital video

recording may submit a written request by electronic mail to [pscfilings@ky.gov](mailto:pscfilings@ky.gov). A minimal fee will be assessed for a copy of this recording.

Done at Frankfort, Kentucky, this 8<sup>th</sup> day of June 2015.

A handwritten signature in cursive script that reads "Linda Faulkner".

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Linda Faulkner  
Director, Filings Division  
Public Service Commission of Kentucky

City of Danville Water Dept.  
P. O. Box 670  
Danville, KY 40423

Jeffrey W. Jones  
Jeffrey W. Jones PLLC, Attorney at Law  
1000 E. Lexington Ave. #3  
Danville, KENTUCKY 40422

Caywood Metcalf  
Metcalf & Metcalf  
214 Stanford Street  
Lancaster, KENTUCKY 40444

M. Todd Osterloh  
Sturgill, Turner, Barker & Moloney, PLLC  
333 West Vine Street  
Suite 1400  
Lexington, KENTUCKY 40507

Mike Perros  
Mayor  
City of Danville Water Dept.  
P. O. Box 670  
Danville, KY 40423

Sean Smith  
Manager  
Garrard County Water Association, Inc.  
P. O. Box 670  
Lancaster, KY 40444

Debbie Webb  
Co-Manager  
Parksville Water District  
10711 Lebanon Road  
P. O. Box 9  
Parksville, KY 40464

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

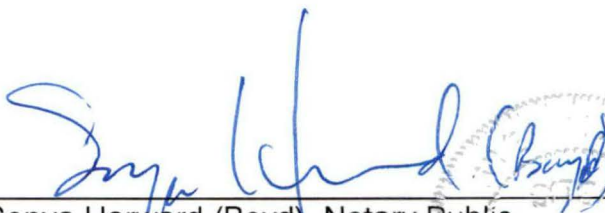
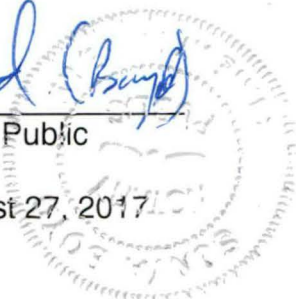
PROPOSED ADJUSTMENT OF THE )  
WHOLESALE WATER SERVICE ) CASE NO. 2014-00392  
RATES OF CITY OF DANVILLE )

CERTIFICATE

I, Sonya Harward, hereby certify that:

1. The attached DVD contains a digital recording of the Hearing conducted in the above-styled proceeding on June 3, 2015. Hearing Log, Exhibits, Exhibit List, and Witness List are included with the recording on June 3, 2015.
2. I am responsible for the preparation of the digital recording.
3. The digital recording accurately and correctly depicts the Hearing of June 3, 2015.
4. The "Exhibit List" attached to this Certificate correctly lists the Exhibit introduced at the Hearing of June 3, 2015.
5. The "Hearing Log" attached to this Certificate accurately and correctly states the events that occurred at the Hearing of June 3, 2015 and the time at which each occurred.

Given this 5<sup>th</sup> day of June, 2015.

  
Sonya Harward (Boyd), Notary Public  
State at Large  
My commission expires: August 27, 2017  






| Date:    | Type:         | Location:                 | Department:           |
|----------|---------------|---------------------------|-----------------------|
| 6/3/2015 | General Rates | Public Service Commission | Hearing Room 1 (HR 1) |

Judge: David Armstrong; Jim Gardner; Dan Logsdon  
 Witness: Connie Allen - Danville; Earl Coffey - Danville; Jerry Feather - Parksville ; Michele Gosser - Danville  
 Clerk: Sonya Harward

| Event Time  | Log Event  |
|-------------|--|
| 9:45:42 AM  | Session Started  |
| 9:45:44 AM  | Session Paused   |
| 9:59:55 AM  | Session Resumed  |
| 9:59:58 AM  | Commissioner Dan Logsdon Introductions<br>Note: Harward, Sonya Introduces Chairman David Armstrong and Vice Chairman Jim Gardner. He also introduces the case and notes that issues in CNS 2014-00314 and 2014-00361 are also being heard today. |
| 10:00:55 AM | Atty. Todd Osterloh - for City of Danville   |
| 10:01:00 AM | Atty. Cawood Metcalf - for Garrard County Water Association  |
| 10:01:07 AM | Atty. Jeff Jones - for Parksville Water District   |
| 10:01:12 AM | Attys. David Spenard and Ann Ramser - for PSC  |
| 10:01:24 AM | Public Notice Filed  |
| 10:01:44 AM | No Outstanding Motions   |
| 10:01:58 AM | No Public Comment  |
| 10:02:55 AM | Witness Earl Coffey takes the stand and is sworn in.<br>Note: Harward, Sonya City of Danville Engineer   |
| 10:03:44 AM | Atty. Osterloh Direct Exam of Witness Coffey<br>Note: Harward, Sonya Asks witness to explain why Danville is seeking a rate increase in this case.   |
| 10:08:05 AM | Atty. Osterloh to Witness Coffey<br>Note: Harward, Sonya Asks witness how Danville went about determining appropriate rates.   |
| 10:09:59 AM | Atty. Osterloh to Witness Coffey<br>Note: Harward, Sonya Asks witness how Danville kept their wholesale customers notified about rate increases.   |
| 10:11:35 AM | Atty. Osterloh to Witness Coffey<br>Note: Harward, Sonya Asks witness about follow-up meetings with Danville to discuss the cost of service study.   |
| 10:13:38 AM | Atty. Osterloh to Witness Coffey<br>Note: Harward, Sonya Asks if there were any changes in rates made after meeting with wholesale customers about the cost of service study.  |
| 10:14:15 AM | Atty. Osterloh to Witness Coffey<br>Note: Harward, Sonya Asks witness what the proposed wholesale rates are and about the rate-case expense surcharge and about the request to continue recovering the KY River Authority fee.                   |
| 10:14:52 AM | Atty. Metcalf Cross Exam of Witness Coffey<br>Note: Harward, Sonya Asks witness about meeting with Garrard Co.   |
| 10:15:44 AM | Atty. Metcalf to Witness Coffey<br>Note: Harward, Sonya Asks witness about Garrard Co. being cooperative with Danville during the process.   |
| 10:16:18 AM | Atty. Jones Cross Exam of Witness Coffey<br>Note: Harward, Sonya Asks witness if Danville sales water to North Mercer Water District.  |

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| 10:17:28 AM | Atty. Ramser Cross Exam of Witness Coffey<br>Note: Harward, Sonya | Asks witness about connection with Mercer Co. WD, and when Danville is planning on beginning service to them.   |
| 10:19:30 AM | Atty. Ramser to Witness Coffey<br>Note: Harward, Sonya            | Asks witness if Danville provides water to Washington Co.   |
| 10:21:04 AM | Atty. Ramser to Witness Coffey<br>Note: Harward, Sonya            | Asks witness if Danville notified Lake Village about the rate-case expense surcharge.   |
| 10:21:44 AM | Atty. Ramser to Witness Coffey<br>Note: Harward, Sonya            | Asks witness about Danville's initial filing for a rate increase regarding the date and providing notice.   |
| 10:23:03 AM | Atty. Ramser to Witness Coffey<br>Note: Harward, Sonya            | Asks witness when Danville requested rate-case expense, and Lake Village being responsible for any portion of this expense.   |
| 10:23:49 AM | Atty. Ramser to Witness Coffey<br>Note: Harward, Sonya            | Asks if Lake Village will benefit if the Commission grants a lower rate because Garrard Co. and Parksville intervened.  |
| 10:26:28 AM | PSC - Exhibit 1<br>Note: Harward, Sonya                           | Letter from Earl Coffey, City of Danville, KY, to Paul Reynolds, Garrard County Water Association, RE: 2014 Wholesale Water Rate Adjustment, dated August 20, 2014.   |
| 10:26:56 AM | Atty. Ramser to Witness Coffey<br>Note: Harward, Sonya            | Asks witness to describe the letter handed out as PSC - Exhibit 1 to this Hearing.  |
| 10:29:14 AM | Atty. Ramser to Witness Coffey<br>Note: Harward, Sonya            | Asks witness what the proposed effective date was for the rates when initially submitted.   |
| 10:30:05 AM | Atty. Ramser to Witness Coffey<br>Note: Harward, Sonya            | Asks witness for the details regarding helping Danville's wholesale customers understand the rate increase.   |
| 10:34:18 AM | Atty. Ramser to Witness Coffey<br>Note: Harward, Sonya            | Asking witness about the City of Hustonville having any concerns about the rate increase.   |
| 10:35:19 AM | PSC - Exhibit 2<br>Note: Harward, Sonya                           | City of Danville's Response to Information Request from Informal Conference of April 7, 2015, Item 1, only first 2 pages of this response; and an email from Chris Stewart to Earl Coffey, Tuesday, August 07, 2012, 4:40pm, Subject-Water District Upgrade, and then this email was forwarded from Earl Coffey to Connie Allen on September 8, 2014 at 9:09. |
| 10:35:42 AM | Atty. Ramser<br>Note: Harward, Sonya                              | Explains that PSC - Exhibit 2, pp. 1-2, comes from an April 20 filing by Danville, response to Item 1, not the complete response; and pp. 3-4 comes from a February 5, 2015 filing by Danville, response to Item 15.  |
| 10:36:44 AM | Atty. Ramser to Witness Coffey<br>Note: Harward, Sonya            | Referencing the 2nd page of PSC - Exhibit 2 to this Hearing, and asking the witness to read from the body of the letter and footnote 3.   |
| 10:38:23 AM | Atty. Osterloh - Objection<br>Note: Harward, Sonya                | Atty. Ramser is asking something different than what is stated in footnote 3.   |
| 10:38:45 AM | Atty. Ramser to Witness Coffey<br>Note: Harward, Sonya            | Continues to clarify the question.  |



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| 10:46:07 AM | Atty. Ramser to Witness Coffey<br>Note: Harward, Sonya                          | Asks witness if Danville requested Parksville to provide notice of completion of the upgrade to the Parksville pump station.                               |
| 10:47:43 AM | Atty. Ramser to Witness Coffey<br>Note: Harward, Sonya                          | Asks witness if Parksville can now pump 450 gallons per minute.  |
| 10:50:02 AM | Atty. Ramser to Witness Coffey<br>Note: Harward, Sonya                          | Asks witness if any water tanks are allocated to Garrard Co. in the cost of service study.   |
| 10:51:45 AM | Atty. Ramser to Witness Coffey<br>Note: Harward, Sonya                          | Asks why the Tower Hill water tank was constructed and if it is necessary to provide water to Parksville.  |
| 10:52:47 AM | Vice Chairman Gardner Cross Exam of Witness Coffey<br>Note: Harward, Sonya      | Asks witness about the KIA and RD loans.   |
| 10:55:02 AM | Vice Chairman Gardner to Witness Coffey<br>Note: Harward, Sonya                 | Asks witness if the cost of service study included mention of demands from North Mercer or Washington counties, and the city of Hustonville.               |
| 10:55:35 AM | Vice Chairman Gardner to Witness Coffey<br>Note: Harward, Sonya                 | Asks witness about the rate increase to retail customers.  |
| 10:57:45 AM | Atty. Osterloh Re-Direct Exam of Witness Coffey<br>Note: Harward, Sonya         | Asks witness if the increase to retail customers is smaller since they have had integral yearly increases.   |
| 10:58:26 AM | Atty. Osterloh to Witness Coffey<br>Note: Harward, Sonya                        | Asks witness to confirm that Danville did not raise wholesale rates on Sept. 1, 2014.  |
| 10:59:25 AM | Atty. Osterloh to Witness Coffey<br>Note: Harward, Sonya                        | Asks witness to read from two documents regarding answers from wholesale customers.  |
| 11:00:50 AM | Witness Coffey excused from the stand.  |  |
| 11:01:03 AM | Witness Michele Gosser takes the stand and is sworn in.<br>Note: Harward, Sonya | CFO for Danville   |
| 11:01:43 AM | Atty. Osterloh Direct Exam of Witness Gosser<br>Note: Harward, Sonya            | Witness confirms that she provided information in this case.   |
| 11:01:58 AM | Atty. Ramser Cross Exam of Witness Gosser<br>Note: Harward, Sonya               | Asks witness about the KIA loan.   |
| 11:02:41 AM | POST HEARING DATA REQUEST by Atty. Ramser<br>Note: Harward, Sonya               | Provide KIA loan details regarding funds already recieved and the amount left to be received.  |
| 11:02:58 AM | Atty. Ramser to Witness Gosser<br>Note: Harward, Sonya                          | Asks witness about details regarding the loan with Rural Development.  |
| 11:03:59 AM | POST HEARING DATA REQUEST by Atty. Ramser<br>Note: Harward, Sonya               | Provide copies of invoices for the cost of service study and the total amount paid, and the amount it increased when there were changes made to the study. |
| 11:04:33 AM | Atty. Ramser to Witness Gosser<br>Note: Harward, Sonya                          | Asks witness if the study's price increased when there were changes made to it.  |
| 11:05:31 AM | Vice Chairman Gardner Cross Exam of Witness Gosser<br>Note: Harward, Sonya      | Asks witness for details about loans with KIA and RD.  |
| 11:07:00 AM | POST HEARING DATA REQUEST by Vice Chairman Gardner<br>Note: Harward, Sonya      | Provide a breakdown for each loan that shows the balance and principals of each.   |

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| 11:07:25 AM | Vice Chairman Gardner to Witness Gosser<br>Note: Harward, Sonya                | Asks witness why the loan from RD is called an interim loan, and where the money comes from until RD provides the loan.  |
| 11:08:21 AM | POST HEARING DATA REQUEST by Vice Chairman Gardner<br>Note: Harward, Sonya     | Provide the name of the bank that has provided the funding until RD provides the loan.   |
| 11:10:06 AM | POST HEARING DATA REQUEST by Atty. Ramser<br>Note: Harward, Sonya              | Provide the updated litigation expenses.   |
| 11:10:22 AM | Witness Gosser is excused from the stand.                                      |  |
| 11:10:30 AM | Witness Connie Allen takes the stand and is sworn in.<br>Note: Harward, Sonya  | Owner of Salt River Engineering, PLLC  |
| 11:11:12 AM | Atty. Osterloh Direct Exam of Witness Allen<br>Note: Harward, Sonya            | Witness cites several changes to her testimony.  |
| 11:12:55 AM | Atty. Osterloh to Witness Allen<br>Note: Harward, Sonya                        | Asks witness what her involvement is in this case.   |
| 11:14:20 AM | Atty. Osterloh to Witness Allen<br>Note: Harward, Sonya                        | Asks witness what rates were suggested per the cost of service study.  |
| 11:15:32 AM | Danville - Exhibit 1<br>Note: Harward, Sonya                                   | 4 Spreadsheets: 1-Original Cost of Service Study; 2-January 5, 2015 copy that reflects adjustments to rev. req. for known and measureable expenses; 3-February 5, 2015 copy that substitutes depreciation expense for rate-funded capital; and 4-April 20, 2015 copy that changed the peaking factor for Parksville from 2.0 to 1.5. |
| 11:16:29 AM | Atty. Osterloh to Witness Allen<br>Note: Harward, Sonya                        | Asks witness to discuss the cost of service study.   |
| 11:18:15 AM | Atty. Osterloh to Witness Allen<br>Note: Harward, Sonya                        | Asks witness to discuss Danville - Exhibit 1 to this Hearing, which has changes made to the original cost of service study.  |
| 11:22:34 AM | Atty. Osterloh to Witness Allen<br>Note: Harward, Sonya                        | Asks witness to discuss other components that could have been included in the revenue requirement but were not.  |
| 11:27:39 AM | Atty. Jones Cross Exam of Witness Allen<br>Note: Harward, Sonya                | Asks if witness was given and read the contract between Danville and Parksville.   |
| 11:30:10 AM | Atty. Jones to Witness Allen<br>Note: Harward, Sonya                           | Asks witness if the numbers for the test year were used in the cost of service study.  |
| 11:30:46 AM | Atty. Jones to Witness Allen<br>Note: Harward, Sonya                           | Asks witness about revisions to the original cost of service study being made only because they were requested by the Commission.  |
| 11:31:06 AM | Atty. Ramser Cross Exam of Witness Allen<br>Note: Harward, Sonya               | Asks witness about Danville requesting a surcharge for recovery of rate-case expenses.   |
| 11:34:33 AM | Vice Chairman Gardner Cross Exam of Witness Allen<br>Note: Harward, Sonya      | Asks witness about experience in front of the Commission, engineering experience, and how many cost of service studies she's done.   |
| 11:36:14 AM | Vice Chairman Gardner to Witness Allen<br>Note: Harward, Sonya                 | Asking witness about the North Mercer and Washington county issues, and them not being an issue at the time the cost of service study was done.  |
| 11:36:50 AM | Witness Allen is excused from the stand.                                       |  |
| 11:37:01 AM | Witness Jerry Feather takes the stand and is sworn in.<br>Note: Harward, Sonya | Co-Manager of Parksville Water District  |



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| 11:37:47 AM | Atty. Jones Direct Exam of Witness Feather<br>Note: Harward, Sonya   | Asks witness about Lebanon Road pump station and its having ever pumped 450 gallons of water per minute and if it has capacity for that.   |
| 11:39:27 AM | Atty. Jones to Witness Feather<br>Note: Harward, Sonya               | Asks witness about his comment regarding water having nowhere to go if the station pumped 450 gallons per minute.  |
| 11:40:27 AM | Atty. Jones to Witness Feather<br>Note: Harward, Sonya               | Asks witness about the Tower Hill water tank serving Parksville, and the effect its construction had on service to Parksville.   |
| 11:41:57 AM | Atty. Jones to Witness Feather<br>Note: Harward, Sonya               | Asks witness about the notice of rate increase effective Sept. 1, and the actions he took in regards to that notice.   |
| 11:43:20 AM | Atty. Jones to Witness Feather<br>Note: Harward, Sonya               | Asks witness about meeting with Danville before filing Parksville's complaint.   |
| 11:45:15 AM | Atty. Osterloh Cross Exam of Witness Feather<br>Note: Harward, Sonya | Asks witness about his knowledge of the original rate increase being lowered.  |
| 11:46:25 AM | Atty. Osterloh to Witness Feather<br>Note: Harward, Sonya            | Asking witness about Lebanon Road pump station.  |
| 11:46:53 AM | Atty. Spenard Cross Exam of Witness Feather<br>Note: Harward, Sonya  | Referencing PSC - Exhibit 1 to this Hearing.   |
| 11:48:00 AM | Atty. Spenard to Witness Feather<br>Note: Harward, Sonya             | Asking witness about the meeting with Parksville.  |
| 11:50:23 AM | Atty. Spenard to Witness Feather<br>Note: Harward, Sonya             | Asking witness about conversations between Parksville and Danville.  |
| 11:50:54 AM | PSC - Exhibit 3<br>Note: Harward, Sonya                              | Parksville Water District's Response to City of Danville's Response to Commission Staff's Request for Information Following Informal Conference held April 7, 2015.  |
| 11:51:21 AM | Atty. Osterloh - Interjection<br>Note: Harward, Sonya                | Clarifies that letter was addressed to Parksville, not personally to Mr. Feather.  |
| 11:52:07 AM | Atty. Spenard to Witness Feather<br>Note: Harward, Sonya             | Referencing PSC - Exhibit 3 to this Hearing, which is a response to requests at the April 7, 2015 IC, and asking witness about p. 2, numbered paragraph 4.   |
| 11:54:32 AM | PSC - Exhibit 4<br>Note: Harward, Sonya                              | Pages from Parksville Water District's Annual Report for 01/01/2013 - 12/31/2013, pp. 1, 59, and 64.   |
| 11:55:36 AM | Atty. Spenard to Witness Feather<br>Note: Harward, Sonya             | Referencing PSC - Exhibit 4 to this Hearing, and asking witness about numbers not matching for the amount of water purchased in what was provided in response to the Commission in this case and that provided in its annual report. |
| 12:02:07 PM | POST HEARING DATA REQUEST by Atty. Spenard<br>Note: Harward, Sonya   | Provide Parksville's logs/documents for system flushing for 2013-2014.   |
| 12:02:29 PM | POST HEARING DATA REQUEST by Atty. Spenard<br>Note: Harward, Sonya   | Provide a discussion of the other water statistics, what they mean by this, and how they were determined for the years 2010-2014.  |

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| 12:03:02 PM | POST HEARING DATA REQUEST by Atty. Spenard<br>Note: Harward, Sonya    | Provide a schedule that contains the amounts of non-revenue water, by year for each year, for 2010-2014, and show, by year, the percentage of water purchased that is non-revenue water each year and explain any variations found from year to year. |
| 12:04:47 PM | Atty. Spenard to Witness Feather<br>Note: Harward, Sonya              | Referencing PSC - Exhibit 3 to this Hearing, the schedule for 2014.   |
| 12:07:36 PM | Atty. Spenard to Witness Feather<br>Note: Harward, Sonya              | Continuing to ask witness about amounts listed in the schedule for 2014.  |
| 12:10:51 PM | Atty. Spenard to Witness Feather<br>Note: Harward, Sonya              | Asking witness what the capacity is for the pumping station   |
| 12:11:12 PM | POST HEARING DATA REQUEST by Atty. Spenard<br>Note: Harward, Sonya    | Provide a water distribution map of the Parksville Water District showing all lines, pumps, and tanks, and note the connections/interconnections with Danville.   |
| 12:12:13 PM | PSC - Exhibit 5<br>Note: Harward, Sonya                               | City of Danville's Second Supplemental Response to the Commission's Order Issued November 14, 2014, Item 24.  |
| 12:13:09 PM | Atty. Spenard to Witness Feather<br>Note: Harward, Sonya              | Referencing PSC - Exhibit 5 to this Hearing, p. 2, regarding Parksville's position on Danville's request for recovery of costs through a surcharge.   |
| 12:15:26 PM | PSC - Exhibit 6<br>Note: Harward, Sonya                               | City of Danville's Response to the Commission Staff's First Request for Information, page from Item 15.   |
| 12:16:30 PM | Atty. Spenard to Witness Feather<br>Note: Harward, Sonya              | Asks witness about a diagram in PSC - Exhibit 6 to this Hearing, and note written on it.  |
| 12:18:13 PM | Witness Feather is excused from the stand.                            |   |
| 12:18:43 PM | Atty. Metcalf - Statement of Garrard County Water District's Position |   |
| 12:20:05 PM | Review of Post Hearing Data Requests                                  |   |
| 12:22:44 PM | Responses to Post Hearing Data Requests due June 15, 2015             |   |
| 12:23:06 PM | Briefs due June 29, 2015  |   |
| 12:23:52 PM | Hearing Adjourned   |   |
| 12:23:58 PM | Session Paused  |   |
| 12:26:40 PM | Session Ended   |   |





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| <b>Name:</b>         | <b>Description:</b>   |
|----------------------|---|
| Danville - Exhibit 1 | 4 Spreadsheets: 1-Original Cost of Service Study; 2-January 5, 2015 copy that reflects adjustments to rev. req. for known and measureable expenses; 3-February 5, 2015 copy that substitutes depreciation expense for rate-funded capital; and 4-April 20 |
| PSC - Exhibit 1      | Letter from Earl Coffey, City of Danville, KY, to Paul Reynolds, Garrard County Water Association, RE: 2014 Wholesale Water Rate Adjustment, dated August 20, 2014.   |
| PSC - Exhibit 2      | City of Danville's Response to Information Request from Informal Conference of April 7, 2015, Item 1, only 2 pages ; an email from Chris Stewart to Earl Coffey, August 07, 2012, Subject-Water District Upgrade, then sent Connie Allen on Sept. 8, 2014 |
| PSC - Exhibit 3      | Parksville Water District's Response to City of Danville's Response to Commission Staff's Request for Information Following Informal Conference held April 7, 2015.   |
| PSC - Exhibit 4      | Pages from Parksville Water District's Annual Report for 01/01/2013 - 12/31/2013, pp. 1, 59, and 64.  |
| PSC - Exhibit 5      | City of Danville's Second Supplemental Response to the Commission's Order Issued November 14, 2014, Item 24.  |
| PSC - Exhibit 6      | City of Danville's Response to the Commission Staff's First Request for Information, page from Item 15.   |

City of Danville  
Average Unit Costs based on TY 2013 with Pro Forma Adjustments (Kgallons) with Adjustment

| Cost Component                   | Total     | Residential/Commercial |           | Industrial |           | Perryville | Junction City | Non-Owner Wholesale |             |         |         | Source |
|----------------------------------|-----------|------------------------|-----------|------------|-----------|------------|---------------|---------------------|-------------|---------|---------|--------|
|                                  |           | Owner                  | Non-Owner | Owner      | Non-Owner |            |               | Parksville          | Hustonville | GCWA    | LWWA    |        |
| Allocated Commodity Costs        | 2,402,810 | 1,069,246              | 348,739   | 77,770     | 53,479    | 83,768     | 91,512        | 168,489             | 181,307     | 127,190 | 201,309 |        |
| Commodity Costs - \$/1000 gal    | \$1.58    | \$1.60                 | \$1.60    | \$1.60     | \$1.60    | \$1.60     | \$1.60        | \$1.52              | \$1.52      | \$1.52  | \$1.52  |        |
| Allocated Capacity Costs         | 1,612,687 | 647,395                | 211,151   | 47,297     | 32,524    | 45,647     | 62,610        | 81,612              | 65,865      | 46,206  | 73,132  |        |
| Capacity Costs - \$/1000 gal     | \$1.06    | \$0.97                 | \$0.97    | \$0.97     | \$0.97    | \$0.87     | \$1.09        | \$0.74              | \$0.55      | \$0.55  | \$0.55  |        |
| Allocated Pub Fire Pro Costs     | 225,917   | 118,975                | 37,619    | 6,525      | 816       | 28,342     | 29,667        | 1,615               | 2,358       | -       | -       |        |
| Pub Fire Pro Costs - \$/1000 gal | \$0.15    | \$0.18                 | \$0.17    | \$0.13     | \$0.02    | \$0.54     | \$0.52        | \$0.01              | \$0.02      | \$0.00  | \$0.00  |        |
| Allocated Rev & DA Costs         | 208,936   | 3,030                  | 1,363     | 435        | 475       | 112,392    | 89,903        | 322                 | 364         | 253     | 397     |        |
| Rev & DA Costs - \$/1000 gal     | \$0.14    | \$0.00                 | \$0.01    | \$0.01     | \$0.01    | \$2.14     | \$1.57        | \$0.00              | \$0.00      | \$0.00  | \$0.00  |        |
| Allocated Return Component       | 502,365   | 143,542                | 93,636    | 10,976     | 19,925    | 36,858     | 36,520        | 44,517              | 44,103      | 27,989  | 44,298  |        |
| Return Comp Costs - \$/1000 gal  | \$0.33    | \$0.21                 | \$0.43    | \$0.23     | \$0.60    | \$0.70     | \$0.64        | \$0.40              | \$0.37      | \$0.33  | \$0.33  |        |
| Allocated Customer Costs         | 610,490   | 267,724                | 103,755   | 1,482      | 203       | 115,308    | 120,700       | 272                 | 503         | 272     | 272     |        |
| Customer Costs - \$/Cust/Mn      | \$4.82    | \$3.82                 | \$4.69    | \$7.72     | \$8.46    | \$6.91     | \$6.91        | \$22.63             | \$41.92     | \$22.63 | \$22.63 |        |
| Total Cost - \$/1000 gal         | \$3.25    | \$2.96                 | \$3.17    | \$2.94     | \$3.20    | \$5.86     | \$5.42        | \$2.68              | \$2.47      | \$2.41  | \$2.41  |        |
| Basic Data:                      |           |                        |           |            |           |            |               |                     |             |         |         |        |
| Annual Water Flow 1000 gal       | 1,524,912 | 668,969                | 218,187   | 48,657     | 33,459    | 52,409     | 57,254        | 110,781             | 119,209     | 83,627  | 132,360 |        |
| Number of Customers              | 10547     | 5835                   | 1845      | 16         | 2         | 1390       | 1455          | 1                   | 1           | 1       | 1       |        |

FYHIRIT

Danville – Exhibit 1

City of Danville  
Average Unit Costs based on TY 2013 with Pro Forma Adjustments (Kgallons) with Adjustment

| Cost Component                   | Total     | Residential/Commercial |           | Industrial |           | Perryville | Junction City | Parksville | Non-Owner Wholesale |         |         | Source |
|----------------------------------|-----------|------------------------|-----------|------------|-----------|------------|---------------|------------|---------------------|---------|---------|--------|
|                                  |           | Owner                  | Non-Owner | Owner      | Non-Owner |            |               |            | Hustonville         | GCWA    | LVWA    |        |
| Allocated Commodity Costs        | 2,608,746 | 1,160,887              | 378,628   | 84,436     | 58,063    | 90,948     | 99,355        | 182,929    | 196,846             | 138,091 | 218,562 |        |
| Commodity Costs - \$/1000 gal    | \$1.71    | \$1.74                 | \$1.74    | \$1.74     | \$1.74    | \$1.74     | \$1.74        | \$1.65     | \$1.65              | \$1.65  | \$1.65  |        |
| Allocated Capacity Costs         | 1,604,111 | 647,629                | 211,227   | 133,437    | 179,563   | 45,664     | 119,680       | 81,641     | 65,889              | 46,222  | 73,158  |        |
| Capacity Costs - \$/1000 gal     | \$1.05    | \$0.97                 | \$0.97    | \$2.74     | \$5.37    | \$0.87     | \$2.09        | \$0.74     | \$0.55              | \$0.55  | \$0.55  |        |
| Allocated Pub Fire Pro Costs     | 215,866   | 113,682                | 35,946    | 6,234      | 779       | 27,081     | 28,347        | 1,543      | 2,253               | -       | -       |        |
| Pub Fire Pro Costs - \$/1000 gal | \$0.14    | \$0.17                 | \$0.16    | \$0.13     | \$0.02    | \$0.52     | \$0.50        | \$0.01     | \$0.02              | \$0.00  | \$0.00  |        |
| Allocated Rev & DA Costs         | 208,936   | 3,030                  | 1,363     | 435        | 475       | 112,392    | 89,903        | 322        | 364                 | 253     | 397     |        |
| Rev & DA Costs - \$/1000 gal     | \$0.14    | \$0.00                 | \$0.01    | \$0.01     | \$0.01    | \$2.14     | \$1.57        | \$0.00     | \$0.00              | \$0.00  | \$0.00  |        |
| Allocated Return Component       | 502,365   | 143,542                | 93,636    | 10,976     | 19,925    | 36,858     | 36,520        | 44,517     | 44,103              | 27,989  | 44,298  |        |
| Return Comp Costs - \$/1000 gal  | \$0.33    | \$0.21                 | \$0.43    | \$0.23     | \$0.60    | \$0.70     | \$0.64        | \$0.40     | \$0.37              | \$0.33  | \$0.33  |        |
| Allocated Customer Costs         | 570,051   | 250,536                | 96,967    | 1,398      | 191       | 107,335    | 112,355       | 261        | 485                 | 261     | 261     |        |
| Customer Costs - \$/Cust/Mn      | \$4.50    | \$3.58                 | \$4.38    | \$7.28     | \$7.97    | \$6.43     | \$6.43        | \$21.77    | \$40.42             | \$21.77 | \$21.77 |        |
| Total Cost - \$/1000 gal         | \$3.37    | \$3.09                 | \$3.30    | \$4.84     | \$7.74    | \$5.97     | \$6.53        | \$2.81     | \$2.60              | \$2.54  | \$2.54  |        |
| Basic Data:                      |           |                        |           |            |           |            |               |            |                     |         |         |        |
| Annual Water Flow 1000 gal       | 1,524,912 | 668,969                | 218,187   | 48,657     | 33,459    | 52,409     | 57,254        | 110,781    | 119,209             | 83,627  | 132,360 |        |
| Number of Customers              | 10547     | 5835                   | 1845      | 16         | 2         | 1390       | 1455          | 1          | 1                   | 1       | 1       |        |

January 5, 2015

Reflecting adjustments to revenue requirements for known and measurable expenses, as discussed at informal conference with PSC Staff in December 2014.



City of Danville  
Average Unit Costs based on TY 2013 revised Pro Forma Adjustments (Kgallons) with Adjustment  
Depreciation substituted

| Cost Component                   | Total     | Residential/Commercial |           | Industrial |           | Perryville | Junction City | Non-Owner Wholesale |             |         |         | Source |
|----------------------------------|-----------|------------------------|-----------|------------|-----------|------------|---------------|---------------------|-------------|---------|---------|--------|
|                                  |           | Owner                  | Non-Owner | Owner      | Non-Owner |            |               | Parksville          | Hustonville | GCWA    | LVWA    |        |
| Allocated Commodity Costs        | 3,040,330 | 1,352,941              | 441,267   | 98,405     | 67,668    | 105,994    | 115,792       | 213,193             | 229,412     | 160,937 | 254,720 |        |
| Commodity Costs - \$/1000 gal    | \$1.99    | \$2.02                 | \$2.02    | \$2.02     | \$2.02    | \$2.02     | \$2.02        | \$1.92              | \$1.92      | \$1.92  | \$1.92  |        |
| Allocated Capacity Costs         | 1,732,906 | 735,683                | 239,946   | 118,871    | 167,250   | 51,872     | 116,082       | 92,742              | 74,848      | 52,507  | 83,105  |        |
| Capacity Costs - \$/1000 gal     | \$1.14    | \$1.10                 | \$1.10    | \$2.44     | \$5.00    | \$0.99     | \$2.03        | \$0.84              | \$0.63      | \$0.63  | \$0.63  |        |
| Allocated Pub Fire Pro Costs     | 143,161   | 75,393                 | 23,839    | 4,135      | 517       | 17,960     | 18,800        | 1,023               | 1,494       | -       | -       |        |
| Pub Fire Pro Costs - \$/1000 gal | \$0.09    | \$0.11                 | \$0.11    | \$0.08     | \$0.02    | \$0.34     | \$0.33        | \$0.01              | \$0.01      | \$0.00  | \$0.00  |        |
| Allocated Rev & DA Costs         | 243,552   | 3,030                  | 1,363     | 3,450      | 3,491     | 119,094    | 95,481        | 8,140               | 8,852       | 253     | 397     |        |
| Rev & DA Costs - \$/1000 gal     | \$0.16    | \$0.00                 | \$0.01    | \$0.07     | \$0.10    | \$2.27     | \$1.67        | \$0.07              | \$0.07      | \$0.00  | \$0.00  |        |
| Allocated Return Component       | 502,365   | 143,542                | 93,636    | 10,976     | 19,925    | 36,858     | 36,520        | 44,517              | 44,103      | 27,989  | 44,298  |        |
| Return Comp Costs - \$/1000 gal  | \$0.33    | \$0.21                 | \$0.43    | \$0.23     | \$0.60    | \$0.70     | \$0.64        | \$0.40              | \$0.37      | \$0.33  | \$0.33  |        |
| Allocated Customer Costs         | 509,137   | 219,084                | 85,737    | 1,089      | 153       | 98,875     | 103,499       | 147                 | 260         | 147     | 147     |        |
| Customer Costs - \$/Cust/Mn      | \$4.02    | \$3.13                 | \$3.87    | \$5.67     | \$6.36    | \$5.93     | \$5.93        | \$12.26             | \$21.63     | \$12.26 | \$12.26 |        |
| Total Cost - \$/1000 gal         | \$3.71    | \$3.45                 | \$3.67    | \$4.85     | \$7.74    | \$6.33     | \$6.68        | \$3.25              | \$3.01      | \$2.89  | \$2.89  |        |
| Basic Data:                      |           |                        |           |            |           |            |               |                     |             |         |         |        |
| Annual Water Flow 1000 gal       | 1,524,912 | 668,969                | 218,187   | 48,657     | 33,459    | 52,409     | 57,254        | 110,781             | 119,209     | 83,627  | 132,360 |        |
| Number of Customers              | 10547     | 5835                   | 1845      | 16         | 2         | 1390       | 1455          | 1                   | 1           | 1       | 1       |        |

February 5, 2015  
Substituting depreciation expense for  
rate-funded capital, per the request of PSC Staff

City of Danville  
Average Unit Costs based on TY 2013 Limited Pro Forma Adjustments (Kgallons) with Adjustment  
Depreciation substituted

| Cost Component                   | Total     | Residential/Commercial |           | Industrial |           | Perryville | Junction City | Parksville | Non-Owner Wholesale |         |         | 1.50 |
|----------------------------------|-----------|------------------------|-----------|------------|-----------|------------|---------------|------------|---------------------|---------|---------|------|
|                                  |           | Owner                  | Non-Owner | Owner      | Non-Owner |            |               |            | Hustonville         | GCWA    | LVWA    |      |
| Allocated Commodity Costs        | 3,040,330 | 1,352,941              | 441,267   | 98,405     | 67,668    | 105,994    | 115,792       | 213,193    | 229,412             | 160,937 | 254,720 |      |
| Commodity Costs - \$/1000 gal    | \$1.99    | \$2.02                 | \$2.02    | \$2.02     | \$2.02    | \$2.02     | \$2.02        | \$1.92     | \$1.92              | \$1.92  | \$1.92  |      |
| Allocated Capacity Costs         | 1,732,906 | 751,294                | 245,038   | 118,817    | 167,154   | 52,973     | 115,966       | 66,739     | 76,436              | 53,621  | 84,868  |      |
| Capacity Costs - \$/1000 gal     | \$1.14    | \$1.12                 | \$1.12    | \$2.44     | \$5.00    | \$1.01     | \$2.03        | \$0.60     | \$0.64              | \$0.64  | \$0.64  |      |
| Allocated Pub Fire Pro Costs     | 143,161   | 75,393                 | 23,839    | 4,135      | 517       | 17,960     | 18,800        | 1,023      | 1,494               | -       | -       |      |
| Pub Fire Pro Costs - \$/1000 gal | \$0.09    | \$0.11                 | \$0.11    | \$0.08     | \$0.02    | \$0.34     | \$0.33        | \$0.01     | \$0.01              | \$0.00  | \$0.00  |      |
| Allocated Rev & DA Costs         | 243,552   | 3,030                  | 1,363     | 3,450      | 3,491     | 119,094    | 95,481        | 8,140      | 8,852               | 253     | 397     |      |
| Rev & DA Costs - \$/1000 gal     | \$0.16    | \$0.00                 | \$0.01    | \$0.07     | \$0.10    | \$2.27     | \$1.67        | \$0.07     | \$0.07              | \$0.00  | \$0.00  |      |
| Allocated Return Component       | 501,415   | 144,456                | 94,229    | 11,031     | 20,022    | 36,964     | 36,638        | 41,122     | 44,304              | 28,130  | 44,521  |      |
| Return Comp Costs - \$/1000 gal  | \$0.33    | \$0.22                 | \$0.43    | \$0.23     | \$0.60    | \$0.71     | \$0.64        | \$0.37     | \$0.37              | \$0.34  | \$0.34  |      |
| Allocated Customer Costs         | 509,137   | 219,084                | 85,737    | 1,089      | 153       | 98,875     | 103,499       | 147        | 260                 | 147     | 147     |      |
| Customer Costs - \$/Cust/Mn      | \$4.02    | \$3.13                 | \$3.87    | \$5.67     | \$6.36    | \$5.93     | \$5.93        | \$12.26    | \$21.63             | \$12.26 | \$12.26 |      |
| Total Cost - \$/1000 gal         | \$3.71    | \$3.48                 | \$3.69    | \$4.85     | \$7.74    | \$6.35     | \$6.68        | \$2.98     | \$3.02              | \$2.91  | \$2.91  |      |
| Basic Data:                      |           |                        |           |            |           |            |               |            |                     |         |         |      |
| Annual Water Flow 1000 gal       | 1,524,912 | 668,969                | 218,187   | 48,657     | 33,459    | 52,409     | 57,254        | 110,781    | 119,209             | 83,627  | 132,360 |      |
| Number of Customers              | 10547     | 5835                   | 1845      | 16         | 2         | 1390       | 1455          | 1          | 1                   | 1       | 1       |      |

April 20, 2015  
Changing the peaking factor for Parksville WD  
from 2.0 to 1.5 at the request of PSC Staff

City of  
**DANVILLE**  
**KENTUCKY**

P.O. Box 670  
Danville, KY 40423  
(859) 238-1200

August 20, 2014

**Garrard County Water Association**  
Paul Reynolds  
315 Lexington Street  
Lancaster, Kentucky 40444  
(859)792-4501

**RE: 2014 Wholesale Water Rate Adjustment**

Dear Mr. Reynolds,

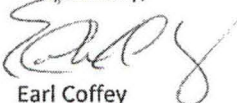
We are providing this letter as the official notice of the 2014 Wholesale Water Rate Adjustment as discussed previously. This letter is to confirm for you the basis for the rate adjustment and also the details of the change.

Recall the City previously indicated its intention to complete a utility rate study this year. The City contracted with a third party, Salt River Engineering, to complete the rate study with a cost of service component and to evaluate and recommend adjustments for all rates charged by the City's municipal utility. The study began this past winter and the wholesale portion of the evaluation has been completed. The rate study was completed consistent with the principles established in the American Water Works Association Manual M-1. The chosen study approach was the *Hybrid Method* (Cash Needs/Utility Basis) which was used to determine the revenue requirements for both owner and non-owner utility customers.

The City Commission accepted the recommendations from the consultant by implementing revised wholesale rates. The implementation of the revised rates will begin with the effective date of September 1<sup>st</sup> 2014. Consistent with the recommendations, the Garrard County Water Association shall pay a Flat Rate of \$2.41 per 1000 gallons consumed or \$1.80 per 100 cubic feet consumed. The minimum bill will not adjust as a result of this change.

As stated previously it is our goal to help you understand the details related to the rate identified. As such we will be more than willing to provide information to provide a better understanding. Please let us know how we may address your questions. We look forward to working with you as we transition into this revised rate.

Respectfully,



Earl Coffey  
City Engineer

"This institution is an equal opportunity provider and employer."

**"The City of Firsts"**

First Courthouse in Kentucky - 1785  
First U.S. Post Office in the West - 1792  
First Successful Ovariectomy in the World - 1809

First Capitol of Kentucky District - 1785  
First Political Club in the West - 1797  
First Constitutional Convention in the West - 1792

First College in the West - 1785

PSC - Exhibit 1



1. Explain how the cost-of-service study would be affected if Parksville Water District ("Parksville") had a maximum pumping capacity of 335 gallons per minute instead of the 450-gallons-per-minute rate on which Danville's cost-of-service study is based, and provide a calculation of the impact of rates for such a change.

ANSWER:

Parksville's average daily demand is 330,000 gallons, which equates to 229 gallons per minute ("gpm"). The pump rate is 146%, or approximately 150% of the average demand. Therefore, if Parksville's pumping capacity were only 335 gpm, the CAP-1 allocation or peaking factor would be 1.5 for Parksville. The attached documentation was requested by Commission Staff at the informal conference held on April 7 and reveals what impact such a change would have on rates.<sup>1</sup> This change is being made to the revised cost-of-service study filed in response to Item 13 of the Commission Staff's First Request for Information. Although a lower peaking factor (1.5 as opposed to 2.0) for Parksville would decrease the 1,000-gallon-volumetric rate from \$3.25 for Parksville to \$2.98 and increase it for Garrard County Water Association ("GCWA") and Lake Village Water Association ("LVWA") from \$2.89 to \$2.91, these identified rates are still significantly higher than the proposed rates of \$2.68 for Parksville and \$2.41 for GCWA and LVWA.<sup>2</sup>

It is the position of the City of Danville that the 2.0 peaking factor for Parksville is appropriate as originally used by Connie Allen because it is her expert opinion, supported by AWWA policy, that peaking factor should be designed based on the pumping capacity of the

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<sup>1</sup> The spreadsheets include comparison sheets of the distribution expenses and distribution rate base, in addition to the summary page. Those comparison sheets have identifying notations as either 1.5 or 2.0 to indicate the Parksville peaking factor on which it is based.

<sup>2</sup> The rates of \$2.68 and \$2.41 do not include rate case expense or the Kentucky River Authority fee.

Responses to Information Request from Informal Conference of April 7, 2015

wholesale customer. Although Parksville Water District has indicated that it has never pumped more than 335 gpm from that station and may not have anywhere to pump a higher rate of water in its system, the pumping station is designed to pump 450 gpm.<sup>3</sup> Parksville Water District has admitted this in their response to the Commission Staff's Request for Information. ("[T]he stated maximum pumping capacity of this pumping station is 450 gallons per minute . . . .") Moreover, the upgrades to Parksville's pumping station have only been in effect since late 2014. Parksville's Annual Reports for 2011, 2012, and 2013 demonstrate that their four highest months average consumption in order are July, September, August, and June.<sup>4</sup> Thus, the limited data that is available is incomplete and will likely increase over the coming months.

To further understand the situation, one must consider the function of the Alum Springs Pumping Station ("ASPS"), which is owned by Parksville and from which Parksville draws water from Danville's system. Figure 1 is a map that illustrates water service areas inside Boyle

<sup>3</sup> Additional support for this design is found in the email from Chris Stewart, Engineer with HMB Professional Engineers, to Earl Coffey, Danville City Engineer, (Aug. 7, 2012 4:40PM), in which Mr. Stewart stated that Parksville was considering upgrading the pump station to have a pumping capacity of 400-500 gpm. There would be no reason to upgrade the pump station to have a pumping capacity of 450 gpm if it did not intend on potentially using that capacity. This email was filed into the record by the City in response to Item 15 of the Commission Staff's First Request for Information.

<sup>4</sup>

|      | 2011  | 2012  | 2013  | Total |
|------|-------|-------|-------|-------|
| Jan  | 6643  | 10495 | 9751  | 26889 |
| Feb  | 8946  | 7977  | 8182  | 25105 |
| Mar  | 6960  | 8494  | 8575  | 24029 |
| Apr  | 6801  | 10137 | 10028 | 26966 |
| May  | 9046  | 8291  | 7952  | 25289 |
| Jun  | 8267  | 10128 | 8651  | 27046 |
| Jul  | 7476  | 11426 | 10221 | 29123 |
| Aug  | 10225 | 8816  | 8063  | 27104 |
| Sept | 8315  | 8981  | 10086 | 27382 |
| Oct  | 7481  | 9667  | 7917  | 25065 |
| Nov  | 9301  | 6775  | 7735  | 23811 |
| Dec  | 7961  | 8898  | 9743  | 26602 |



**From:** Earl Coffey [ecoffey@danvilleky.org](mailto:ecoffey@danvilleky.org)  
**Subject:** FW: Parksville Water District Upgrade  
**Date:** September 8, 2014 at 09:09  
**To:** Connie Allen [connie@saltrivereng.com](mailto:connie@saltrivereng.com)

Here is an email I got from Chris Stewart, HMB. He was the engineer at the PWD board mtg. Look down near the bottom where he talks about the 500GPM pump. This is what they need and want. Two pumps gets them close but the hydraulics mess up on the influent side. I can ask Chris for their pump curves?

Earl

**From:** Chris Stewart [<mailto:castewart@hmbpe.com>]  
**Sent:** Tuesday, August 07, 2012 4:40 PM  
**To:** Earl Coffey  
**Cc:** [whagan@hmbpe.com](mailto:whagan@hmbpe.com)  
**Subject:** Parksville Water District Upgrade

Earl:

I hope this note finds you well. I know you have a whole lot going on right now.

As you are no doubt aware, PWD has recently experienced some trouble in their system. Specifically, they are having trouble keeping their Persimmon Knob Tank full.

We are in the process of trying to shift some of their Rural Development money into an upgrade of some combination of their 34 pump station, Persimmon Knob pump station and the water lines in between.

In order to better determine what needs to be done and how much that is going to cost, we have a few questions related to Danville's system and the supply to PWD on KY 34 near the industrial park.

1. Does PWD own any of the water line that feeds the master meter pit on the Danville side? I don't think they do, but if they do we may want to look at the possibility of upgrading it.
2. Does PWD or Danville own the master meter and vault? Can you supply any drawings of the vault and/or information on the manufacturer, model and hydraulic capabilities of the meter.
3. Can you share plan sheets and general information about the upgrade of water lines currently underway in the area of the industrial park on KY 34? We understand that 12" is being extended. Where will the extension end? When do you anticipate the construction to complete?
4. Can you share the most recent flow test data for the existing fire hydrant closest to the master meter connection with PWD? Is there any available hydraulic information from the design of the 12" extension and/or from the City's hydraulic model that might offer an estimate of how much, if any, the available flow/pressure to the PWD connection might improve as a result of the upgrade currently underway?

We are considering upgrading the KY 34 pump station to something in the neighborhood of 400 - 500 GPM and want to look at what impact that would have on Danville's system, whether or not that much

is available, if so, at what approximate pressure, etc.

Any help, suggestions or ideas that you may have are much appreciated. Please feel free to call me at your earliest convenience to discuss this further, if needed.

Thanks.

Chris

Chris A Stewart, PE  
Water/Wastewater Division Manager

HMB Professional Engineers, Inc.  
3 HMB Circle  
Frankfort, KY 40601  
(502)695-9800  
(502)695-9810 FAX

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COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

MAY 04 2015

PUBLIC SERVICE  
COMMISSION

In the Matter of: )

PROPOSED ADJUSTMENT OF THE )  
WHOLESALE WATER SERVICE )  
RATES OF CITY OF DANVILLE )

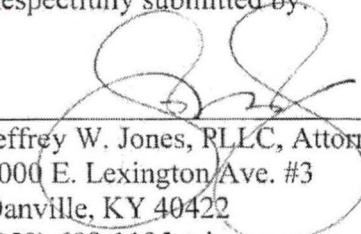
Case No. 2014-00392

**Parksville Water District's Response to City of Danville's  
Response to Commission Staff's Request for Information  
Following Informal Conference held April 7, 2015**

Comes now, Parksville Water District, by counsel, and for its Response to the  
City of Danville's Response to Information filed April 20, 2015, submits the following.

This 4<sup>th</sup> day of May, 2015

Respectfully submitted by:

  
\_\_\_\_\_  
Jeffrey W. Jones, PLLC, Attorney at Law  
1000 E. Lexington Ave. #3  
Danville, KY 40422  
(859) 608-1195-tel  
(859) 712-0411-fax  
email: [Jeff@JWJLAW.us](mailto:Jeff@JWJLAW.us)

Attorney for Parksville Water District.



Parksville Water District

Response to Information filed by City of Danville from Informal Conference on April 7, 2015

Danville's filing includes a map designated as Figure 1. The map divides the Parksville District into two zones: Forkland Zone and Webster Rd/Lebanon Rd Zone. Danville's filing states that the pump station they designate as ASPS (Parksville designates this pump station as KY34) pumps water into storage tanks located beside the Persimmon Knob Pump Station (PKPS) and the Mitchellsburg Knob Pump Station (MKPS). Then water is pumped over the ridges south to feed the Forkland Zone. The customers located within the Webster Rd/Lebanon Rd Zone are fed either by the ASPS, pressure from Danville's tanks, or the storage tanks at PKPS and MKPS when pumps are off.

The information filed by Danville in the above paragraph shows a complete lack of knowledge concerning Parksville's operation and is completely false. In response Parksville states the following:

1. The pump station designated ASPS by Danville is not located on Highway 300 as indicated by Danville's map. Parksville designates this station as KY34 because it is located on Kentucky Highway 34.
2. The Persimmon Knob Tank is located on top of Persimmon Knob, not beside the Persimmon Knob Pump Station.
3. The Mitchellsburg Knob Tank is located on top of Mitchellsburg Knob, not beside the Mitchellsburg Knob Pump Station.
4. The customers in the Webster Rd/Lebanon Rd Zone are not fed by Danville's Tank pressure or by either of the afore mentioned tanks when pumps are off. When pumps are off, the PVT feeds customers in the Webster Rd/Lebanon Rd Zone by gravity flow all the way back to KY34 where check valves prevent back flow into Danville's system due to Parksville's higher pressure. PVT also maintains pressure when pumps are



running and demand is high. Customers in this zone do not experience low pressure or run out of water when all pumps are running. The Forkland Zone is fed by gravity flow from PKT and is not affected when all pumps are running.

5. Figure 1 shows that Parksville has three pump stations and two tanks. This is not correct. Parksville has four pump stations and four tanks. Pump stations are located on Kentucky Highway 34 (KY34), Persimmon Knob (PKS), Parksville (PVS), and Mitchellsburg Knob (MKS). Tanks are located on Persimmon Knob (PKT), Parksville Knob (PVT), Mitchellsburg Knob (MKT), and Mitchellsburg (MBT).

Parksville is submitting gallon charts for the years 2010 through 2014 showing actual pumping gpm which is significantly lower than the assumed 450 gpm.

Witness: Jerry Feather

Parksville Water District  
 Gallons Purchased/Gallons per Hour/Gallons per Minute  
 2010

| Month      | Gallons Purchased | Pump 1 Hours | Pump 2 Hours | Total Run Hours | gph    | gpm |
|------------|-------------------|--------------|--------------|-----------------|--------|-----|
| Jan        | 10,684,133        | 355          | 375          | 730             | 14,636 | 244 |
| Feb        | 8,553,604         | 316          | 310          | 626             | 13,664 | 228 |
| Mar        | 8,855,273         | 347          | 325          | 672             | 13,177 | 220 |
| Apr        | 8,454,794         | 314          | 320          | 634             | 13,336 | 222 |
| May        | 9,141,308         | 331          | 325          | 656             | 13,935 | 232 |
| Jun        | 9,116,026         | 332          | 323          | 655             | 13,918 | 232 |
| Jul        | 9,440,358         | 347          | 314          | 661             | 14,282 | 238 |
| Aug        | 9,194,790         | 315          | 352          | 667             | 13,785 | 230 |
| Sep        | 8,490,174         | 314          | 307          | 621             | 13,672 | 228 |
| Oct        | 9,229,796         | 353          | 328          | 681             | 13,553 | 226 |
| Nov        | 8,133,752         | 312          | 314          | 626             | 12,993 | 217 |
| Dec        | 8,176,986         | 289          | 313          | 602             | 13,583 | 226 |
| Total Gals | 107,470,994       |              | Total Hrs.   | 7,831           |        |     |
| Pump Hrs   | 7,831             |              |              |                 |        |     |
| gph        | 13,724            |              |              |                 |        |     |
| gpm        | 229               |              |              |                 |        |     |

Parksville Water District  
 Gallons Purchased/Gallons per Hour/Gallons per Minute  
 2011

| Month             | Gallons Purchased  | Pump 1 Hours | Pump 2 Hours     | Total Run Hours | gph           | gpm        |
|-------------------|--------------------|--------------|------------------|-----------------|---------------|------------|
| Jan               | 8,269,664          | 313          | 294              | 607             | 13,624        | 227        |
| Feb               | 7,319,928          | 275          | 270              | 545             | 13,431        | 224        |
| Mar               | 8,005,769          | 290          | 306              | 596             | 13,432        | 224        |
| Apr               | 8,098,716          | 310          | 313              | 623             | 13,000        | 217        |
| May               | 8,720,558          | 311          | 326              | 637             | 13,690        | 228        |
| Jun               | 9,026,340          | 316          | 333              | 649             | 13,908        | 232        |
| Jul               | 9,311,927          | 324          | 349              | 673             | 13,836        | 231        |
| Aug               | <b>9,786,907</b>   | <b>189</b>   | <b>463</b>       | <b>652</b>      | <b>15,011</b> | <b>250</b> |
| Sep               | 8,640,672          | 367          | 236              | 603             | 14,329        | 239        |
| Oct               | 8,777,855          | 327          | 313              | 640             | 13,715        | 229        |
| Nov               | 8,278,116          | 299          | 312              | 611             | 13,548        | 226        |
| Dec               | 9,105,554          | 338          | 314              | 652             | 13,966        | 233        |
| <b>Total Gals</b> | <b>103,342,006</b> |              | <b>Total Hrs</b> | <b>7,488</b>    |               |            |
| Pump Hrs          | 7,488              |              |                  |                 |               |            |
| gph               | 13,801             |              |                  |                 |               |            |
| gpm               | 230                |              |                  |                 |               |            |

Parkville Water District  
 Gallons Purchased/Gallons per Hour/Gallons per Minute  
 2012

| Month      | Gallons Purchased | Pump 1 Hours | Pump 2 Hours | Total Run Hours | gph           | gpm        |
|------------|-------------------|--------------|--------------|-----------------|---------------|------------|
| Jan        | 9,922,968         | 345          | 364          | 709             | 13,996        | 233        |
| Feb        | 9,074,960         | 342          | 313          | 655             | 13,855        | 231        |
| Mar        | 9,399,817         | 328          | 350          | 678             | 13,864        | 231        |
| Apr        | 9,115,951         | 329          | 318          | 647             | 14,090        | 235        |
| May        | 10,438,041        | 364          | 339          | 703             | 14,848        | 247        |
| Jun        | 10,453,568        | 325          | 339          | 664             | 15,743        | 262        |
| Jul        | 10,876,551        | 384          | 363          | 747             | 14,560        | 243        |
| <b>Aug</b> | <b>10,528,923</b> | <b>324</b>   | <b>340</b>   | <b>664</b>      | <b>15,857</b> | <b>264</b> |
| Sep        | 8,879,134         | 311          | 304          | 615             | 14,438        | 241        |
| Oct        | 8,918,853         | 332          | 321          | 653             | 13,658        | 228        |
| Nov        | 8,634,538         | 280          | 343          | 623             | 13,860        | 231        |
| Dec        | 9,075,783         | 341          | 303          | 644             | 14,093        | 235        |
| Total Gals | 115,319,087       |              | Total Hrs.   | 8,002           |               |            |
| Pump Hrs   | 8,002             |              |              |                 |               |            |
| gph        | 14,411            |              |              |                 |               |            |
| gpm        | 240               |              |              |                 |               |            |

Parksville Water District  
 Gallons Purchased/Gallons per Hour/Gallons per Minute  
 2013

| Month             | Gallons Purchased  | Pump 1 Hours | Pump 2 Hours      | Total Run Hours | gph           | gpm        |
|-------------------|--------------------|--------------|-------------------|-----------------|---------------|------------|
| Jan               | 9,427,194          | 322          | 327               | 649             | 14,526        | 242        |
| Feb               | 8,627,133          | 289          | 308               | 597             | 14,451        | 241        |
| Mar               | 9,584,124          | 352          | 324               | 676             | 14,178        | 236        |
| Apr               | 8,901,724          | 304          | 316               | 620             | 14,358        | 239        |
| <b>May</b>        | <b>9,666,479</b>   | <b>275</b>   | <b>366</b>        | <b>641</b>      | <b>15,080</b> | <b>251</b> |
| Jun               | 9,344,988          | 307          | 317               | 624             | 14,976        | 250        |
| Jul               | 9,339,603          | 315          | 332               | 647             | 14,435        | 241        |
| Aug               | 9,177,885          | 320          | 312               | 632             | 14,522        | 242        |
| Sep               | 8,964,182          | 306          | 323               | 629             | 14,251        | 238        |
| Oct               | 9,296,593          | 306          | 339               | 645             | 14,413        | 240        |
| Nov               | 9,665,880          | 335          | 353               | 688             | 14,049        | 234        |
| Dec               | 10,384,400         | 386          | 359               | 745             | 13,939        | 232        |
| <b>Total Gals</b> | <b>112,380,185</b> |              | <b>Total Hrs.</b> | <b>7,793</b>    |               |            |
| Pump Hrs          | 7,793              |              |                   |                 |               |            |
| gph               | 14,421             |              |                   |                 |               |            |
| gpm               | 240                |              |                   |                 |               |            |

Parksville Water District  
 Gallons Purchased/Gallons per Hour/Gallons per Minute  
 2014

| Month      | Gallons Purchased | Pump 1 Hours | Pump 2 Hours | Total Run Hours | gph           | gpm        |
|------------|-------------------|--------------|--------------|-----------------|---------------|------------|
| Jan        | 6,751,224         | 250          | 245          | 495             | 13,639        | 227        |
| Feb        | 5,292,399         | 198          | 185          | 383             | 13,818        | 230        |
| Mar        | 8,417,992         | 350          | 325          | 675             | 12,471        | 208        |
| Apr        | 10,170,556        | 119          | 601          | 720             | 14,126        | 235        |
| May        | 10,660,197        | 350          | 376          | 726             | 14,683        | 245        |
| Jun        | 9,112,286         | 335          | 357          | 692             | 13,168        | 219        |
| Jul        | 9,155,520         | 350          | 357          | 707             | 12,950        | 216        |
| Aug        | 10,662,710        | 361          | 365          | 726             | 14,687        | 245        |
| Sep        | 9,474,938         | 295          | 339          | 634             | 14,945        | 249        |
| Oct        | 8,881,939         | 284          | 257          | 541             | 16,418        | 274        |
| Nov        | 9,173,607         | 255          | 281          | 536             | 17,115        | 285        |
| <b>Dec</b> | <b>9,651,631</b>  | <b>270</b>   | <b>289</b>   | <b>559</b>      | <b>17,266</b> | <b>288</b> |
| Total Gals | 107,404,999       |              | Total Hrs.   | 7,394           |               |            |
| Pump Hrs   | 7,394             |              |              |                 |               |            |
| gph        | 14,526            |              |              |                 |               |            |
| gpm        | 242               |              |              |                 |               |            |



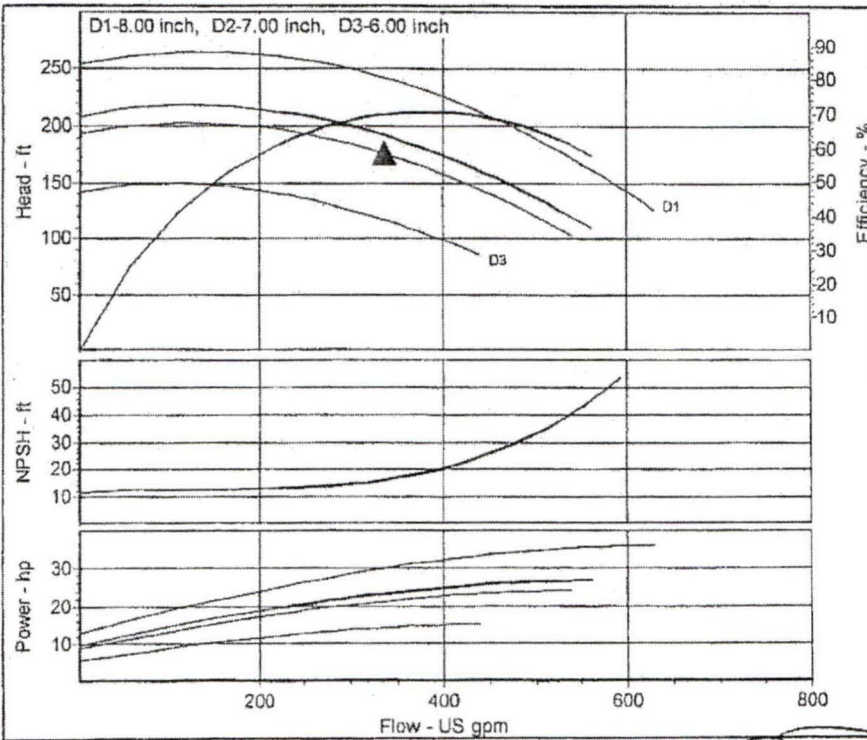


Customer :

Corporate Equipment Company  
 Cincinnati, Ohio 45215  
 Pete Anthony  
 Phone 1-513-771-6696; ext 122  
 Fax 1-513-771-0334

*Original Design Conditions*

|                |   |               |                        |
|----------------|---|---------------|------------------------|
| Project :      |   | Contact :     |                        |
| Quote No. :    | US-2073-100                                   | Phone :       |                        |
|                |   | Date :        | Friday, April 11, 2014 |
| Type:          | C - End Suction Close Coupled General Purpose | Item :        | 1                      |
| Pump Model:    | Peerless - C825A                              | Impeller No.: | SeePtlst               |
| Nom. Speed:    | 3563 RPM, 60 Hz Electric                      | Fluid:        | Water                  |
| Impeller Dia.: | 7.25 inch                                     | Temperature:  | 80 °F                  |
| Curve No.:     | 3115058/                                      | Viscosity:    | 1.125 cSt              |
| Market :       | Water   | Sp. Gravity:  | 1.001                  |
|                |   | Your Ref. :   |                        |



|                   |                           |
|-------------------|---------------------------|
| Duty Flow         | 335 US gpm                |
| Duty Head         | 186 ft                    |
| Imp. Dia.         | 7.25 inch                 |
| Power Required    | 23.3 hp                   |
| NPSH Required     | 16.1 ft                   |
| Efficiency        | 69.8 %                    |
| Peak Power        | 26.7 hp                   |
| Closed Valve Head | 207.9 ft                  |
| Tolerance         | Hyd Inst-<br>Peerless Std |

Comments

Perf. curve represents typical perf, vel. head is incld. Perf. curves tests are performed in accordance with H.I. Stds.

| Flow (US gpm) | Head (ft) | Efficiency (%) | Power Required (hp) | NPSH Required (ft) |
|---------------|-----------|----------------|---------------------|--------------------|
| 224.0         | 211.8     | 61.4           | 19.5                | 13.1               |
| 261.8         | 206.5     | 65.3           | 20.9                | 13.7               |
| 299.5         | 199.6     | 68.1           | 22.2                | 14.7               |
| 337.3         | 191.0     | 69.9           | 23.3                | 16.2               |
| 375.1         | 180.9     | 70.6           | 24.3                | 18.5               |
| 412.9         | 169.3     | 70.2           | 25.2                | 21.7               |
| 450.7         | 156.2     | 68.9           | 25.8                | 25.9               |
| 488.5         | 141.7     | 66.4           | 26.4                | 31.1               |
| 526.3         | 125.7     | 62.7           | 26.7                | 37.7               |



**Water Districts/Associations - Class A & B**

**Annual Report**

OF

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Parksville Water District

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Parksville, Kentucky

TO THE

**PUBLIC SERVICE COMMISSION**

OF THE

**COMMONWEALTH OF KENTUCKY**

**FOR THE YEAR ENDED DECEMBER 31, 2014**

27800 Parkville Water District 01/01/2014 - 12/31/2014

Plant Statistics (Ref Page: 31)

Give the following information

|  |   |
|--|---|
| Number of fire hydrants, by size   | 22 Hydrants (16-6" & 2-4")  |
| Number of private fire hydrants, by size   |   |
| If produced whether water supply is river, impounded streams, well, springs, artificial lake, or collector well  | Water is purchased from the City of Danville  |
| If produced whether supply is by gravity, pumping or a combination   |   |
| Type, capacity, and elevation of reservoirs at overflow and ground level   | Standpipe-96,000 gallons, ground elevation 1,353 ft. Elevated tank 30,000 gallons, ground elevation 1,341 ft. Standpipe-75,000 gallons, ground elevation 1,120 ft. Standpipe-116,000 gallons, ground elevation 1,335 ft. overflow elevation 1,433 ft.   |
| Miles of main by size and kind   | Approximately 9 miles of 6:Class 150 Asbestos cement, Approximately 15 miles of 4:Class 150 Asbestos Cement, Approximately 44.6 miles of 3" PVC, 6" PVC 22.7 miles + 61,620 ft. Approximately 1 mile of 2 1/2" PVC, 4" PVC 28.6 miles. Approximately 1.5 miles of 2" PVC. 10" PVC 11,600 ft.            |
| Types of filters: gravity or pressure, number of units and total rated in capacity in gal. per min.  | None  |
| Type of disinfectant, number of units and capacity in pounds per 24 hours  | None  |
| Station Equipment. List each pump, giving type and capacity, HP of driving unit and character of driving unit (steam/electric/int. combustion) also whether pump is high/ low duty | Ky 34 Pump Station- 2 pumps- centrifugal pump powered by an electric 25 hp motor 335 gpm. Parkville Pump Station- 2 pumps- centrifugal electric 25hp motor 335 gpm. Mitchellsburg Knob Pump Station- 2 pumps- centrifugal 10hp 96 gpm. Persimmon Knob Pump Station- 2 pumps- centrifugal 15 hp 225 gpm. |
| Quantity of fuel used: coal in lbs., gas in cu.ft., oil in gals., and electric in KWH  | 375,774   |
| Give description and total cost of any sizable additions or retirements to plant and service outside the normal system of growth for the period covered by this report             | N/A   |
| Capacity of clear well   | N/A   |
| Peak month, in gallons of water sold   | June 2014 8,709,420   |
| Peak day, in gallons of water sold   | June 10, 2014 350,000   |

See accountant's compilation report



# PARKSVILLE WATER DISTRICT

Last Updated 2/10/10

Bluegrass Area Development District  
 829 Penmar Dr.  
 Lexington, KY 40517  
 www.bgadki.org



**LIMITATION OF LIABILITY:** The Bluegrass Area Development District has no reason to believe that there are any inaccuracies or omissions in information incorporated in this work. But BGADD makes no representations of any kind, including, but not limited to, the warranties of MERCHANTABILITY or FITNESS for a particular use, nor any such warranties to be implied, with respect to the information or data furnished herein.



**Legend**

|            |                  |
|------------|------------------|
| 1          | Water Paver      |
| 2-3, 20, 3 | Water Meter      |
| 4-8        | Pressure Station |
| 9-7        | Pump Station     |
| 0-0        | Water Tank       |
| 10-11      | Road             |
| 12-13      |                  |
| 14-15      |                  |
| 16-20      |                  |
| 21-26      |                  |
| 27-30      |                  |
| 31-36      |                  |
| 37-70      |                  |

## CERTIFICATE OF SERVICE

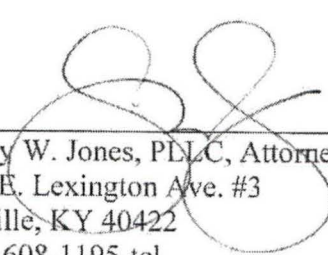
This is to certify that this 4th day of May, 2015, a copy of the foregoing was served by mailing a true and exact copy to:

M. Todd Osterloh, Esquire  
Sturgill, Turner, Barker & Maloney, PLLC  
333 West Vine Street  
Lexington, KY 40507

Caywood Metcalf, Esquire  
Metcalf & Metcalf  
214 Stanford Street  
Lancaster, KY 40444

Original + ten copies to:

Public Service Commission  
211 Sower Blvd.  
Frankfort, KY 40602



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Jeffrey W. Jones, PLLC, Attorney at Law  
1000 E. Lexington Ave. #3  
Danville, KY 40422  
(859) 608-1195-tel  
(859) 712-0411-fax  
email: [Jeff@JWJLAW.us](mailto:Jeff@JWJLAW.us)

Attorney for Parksville Water District.

27800 Parksville Water District 01/01/2013 - 12/31/2013

Title Page

|                                 | Name of Respondent        | Addr Line 1 | Addr Line 2 | City       | State | Zip   |
|---------------------------------|---------------------------|-------------|-------------|------------|-------|-------|
| Water<br>Districts/Associations |                           |             |             |            |       |       |
| Annual Report of<br>Respondent  | Parksville Water District | P.O. Box 9  |             | Parksville | KY    | 40464 |

PSC – Exhibit 4



**27800 Parksville Water District 01/01/2013 - 12/31/2013**

**Pumping and Water Statistics - part one (Ref Page: 29)**

|                    | Water Purchased For Resale (Omit<br>000' s) (b) | Water Pumped from Wells (Omit<br>000' s) (c) | Total Water Pumped and Purchased<br>(Omit 000' s) (d) | Water Sold To Customers (Omit<br>000' s) (e) |
|--------------------|---|--|---|--|
| January            | 9,751   | 0  | 9,751   | 6,166  |
| February           | 8,182   | 0  | 8,182   | 5,022  |
| March              | 8,575   | 0  | 8,575   | 5,075  |
| April              | 10,028  | 0  | 10,028  | 6,031  |
| May                | 7,952   | 0  | 7,952   | 5,134  |
| June               | 8,651   | 0  | 8,651   | 6,237  |
| July               | 10,221  | 0  | 10,221  | 7,497  |
| August             | 8,063   | 0  | 8,063   | 5,870  |
| September          | 10,086  | 0  | 10,086  | 6,861  |
| October            | 7,917   | 0  | 7,917   | 5,549  |
| November           | 7,735   | 0  | 7,735   | 4,865  |
| December           | 9,743   | 0  | 9,743   | 5,892  |
| Total for the year | 106,904   | 0  | 106,904   | 70,199                                       |

27800 Parksville Water District 01/01/2013 - 12/31/2013

Water Statistics (Ref Page: 30)

|   | Gallons (Omit 000's) | Percent |
|---|----------------------|---------|
| 1. Water Produced, Purchased and Distributed        |                      |         |
| 2. Water Produced                                   |                      |         |
| 3. Water Purchased                                  | 106,904              |         |
| 4. Total Produced and Purchased                     | 106,904              |         |
| 6. Water Sales:                                     |                      |         |
| 7. Residential                                      | 68,816               |         |
| 8. Commercial                                       | 1,383                |         |
| 9. Industrial                                       |                      |         |
| 10. Bulk Loading Stations                           |                      |         |
| 11. Resale  |                      |         |
| 12. Other Sales                                     |                      |         |
| 13. Total Water Sales                               | 70,199               |         |
| 15. Other Water Used                                |                      |         |
| 16. Utility/water treatment plant                   |                      |         |
| 17. Wastewater plant                                |                      |         |
| 18. System flushing                                 | 18,200               |         |
| 19. Fire department                                 |                      |         |
| 20. Other   | 3,254                |         |
| 21. Total Other Water Used                          | 21,454               |         |
| 23. Water Loss:                                     |                      |         |
| 24. Tank Overflows                                  |                      |         |
| 25. Line Breaks                                     | 15,251               |         |
| 26. Line Leaks                                      |                      |         |
| 27. Other   |                      |         |
| 28. Total Line Loss                                 | 15,251               |         |
| Note: Line 13 + Line 21 + Line 28 must equal Line 4 |                      |         |
| 32. Water Loss Percentage                           |                      |         |
| 33. Line 28 divided by Line 4                       |                      | 14.2661 |

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

RECEIVED  
APR 27 2015  
PUBLIC SERVICE  
COMMISSION

In the Matter of:

Proposed Adjustment of the Wholesale )  
Water Service Rates of ) Case No. 2014-00392  
the City of Danville )

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**CITY OF DANVILLE'S SECOND SUPPLEMENTAL RESPONSE TO THE  
COMMISSION'S ORDER ISSUED NOVEMBER 14, 2014**

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The City of Danville ("Danville" or the "City") hereby provides its Second Supplemental Response to Item 24 of Appendix B of the Commission's Order issued November 14, 2014.

24. a. State whether the proposed rate increase includes an adjustment for rate case expenses incurred in this proceeding.
- b. If the rate increase does not include an adjustment for rate case expenses, state whether Danville will seek an adjustment to recover expenses incurred in litigating this proceeding.
- c. If Danville will seek an adjustment to recover expenses incurred in litigating this proceeding, provide all actual and estimated rate case expenses.

Witness: Earl Coffey

Response: The Water Usage Rates that were submitted on the proposed tariffs do not include any adjustment for rate case expenses of preparing the cost-of-service study incurred in



this proceeding. The City of Danville requests a surcharge to recover rate case expenses and the costs incurred for preparing the cost-of-service study.<sup>1</sup> The City proposes that the actual costs be amortized and recovered as a surcharge over a three-year period from the utility wholesale customers. The City has estimated that rate case expenses to be \$50,000.

The cost-of-service study expense totals \$53,000, a portion of which should be allocated to the wholesale customers. Half of the expense of the cost-of-service study (\$26,500) is apportioned to the water rates. An invoice from Salt River Engineering supporting this expense was attached to the supplemental response filed on March 19, 2015.

The Commission has previously allocated expenses of a cost-of-service study to wholesale customers based on total revenue requirement. See City of Hopkinsville, Case No. 2009-00373 at 8 (Ky. PSC July 2, 2010). The cost-of-service study that was originally filed with the Commission on December 1, 2014, and that reflects the rates Danville requests to be approved, identify a lower percentage of revenue requirement for the three public-utility customers of Danville as compared with the revised studies filed on January 5 and February 9, 2015. The following table incorporates revenue-requirement information contained in the study filed on December 1, 2014, and calculated the allocation of expenses for the cost-of-service study to the public utilities.

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<sup>1</sup> The City believes that a surcharge is appropriate, as one was approved by the Commission in City of Hopkinsville, Case No. 2009-00373 (Ky. PSC Jul. 2, 2010) and City of Greensburg, Case No. 2009-00428 (Ky. PSC Aug. 6, 2010). In the event that the Commission determines that such a surcharge is no longer permissible, the City requests that these expenses be incorporated into the volumetric rate charged to the City's wholesale customers.

|   | Total     | Parksville WD | GCWA       | LVWA       |
|---|-----------|---------------|------------|------------|
| Proposed Rate Revenues                          | 5,563,205 | \$317,683     | \$213,718  | \$338,096  |
| Percentage of Rev. Req.                         | 100%      | 5.7104%       | 3.8416%    | 6.0774%    |
| Wholesale Customers' Responsibility of \$26,500 |           | \$1,513.26    | \$1,018.03 | \$1,610.50 |

Danville has also incurred rate case expenses for legal and expert fees. Documentation from Sturgill, Turner, Barker, and Moloney, PLLC, and Salt River Engineering demonstrate that through April 22, 2013, there has been \$46,885.26 in rate case litigation expenses.<sup>2</sup> Danville proposes that these expenses be divided equally between the two public utilities that are parties to the rate case. This would apportion \$23,442.63 of cost to each Parksville Water District and Garrard County Water Association.

The following table summarizes Danville's current request for a 36-month surcharge for rate-case-related expenses based on a three-year amortization.

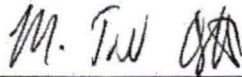
|                              | Parksville Water District | Garrard County Water Association | Lake Village Water Association |
|------------------------------|---------------------------|----------------------------------|--------------------------------|
| Cost-of-Service Study        | \$1,513.26                | \$1,018.03                       | \$1,610.50                     |
| Litigation Expense           | \$23,442.63               | \$23,442.63                      |                                |
| Total Expenses               | \$24,955.89               | \$24,460.66                      | \$1,610.50                     |
| <b>36-month Amortization</b> | <b>\$694.33</b>           | <b>\$679.46</b>                  | <b>\$47.50</b>                 |

<sup>2</sup> In addition to the attached supporting documentation that has been redacted to protect privileged material, invoices were submitted with the City's supplemental response filed on March 19, 2015. It should be noted that Salt River Engineering's entry on 14 April 2015 only includes time spent for work performed that should have been necessary for the City. The notation "didn't charge for problems I caused" indicates that additional time was spent on the project on that day that is not reflected on the invoice.

Rate case expenses will increase if additional litigation is necessary, and Danville will supplement its response at a later date if appropriate. If a decision were to be issued today, the City believes the following rates are fair, just, and reasonable:<sup>3</sup>

|                           |   |
|---------------------------|---|
| Parksville Water District | \$2.68 per 1,000 gallons + \$694.33 for 36 months |
| Garrard Co. Water Ass'n   | \$2.41 per 1,000 gallons + \$679.46 for 36 months |
| Lake Village Water Ass'n  | \$2.41 per 1,000 gallons + \$47.50 for 36 months  |

Respectfully submitted,



---

M. TODD OSTERLOH  
CHARLES D. COLE  
STURGILL, TURNER, BARKER & MOLONEY, PLLC  
333 W. Vine Street, Suite 1400  
Lexington, Kentucky 40507  
Telephone No.: (859) 255-8581  
tosterloh@sturgillturner.com

ATTORNEYS FOR CITY OF DANVILLE

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<sup>3</sup> In addition to these rates, Danville seeks to retain its line item for the Kentucky River Authority fee, which is currently set at \$0.022 per 1,000 gallons.



COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

Proposed Adjustment of the Wholesale )  
Water Service Rates of ) Case No. 2014-00392  
the City of Danville )

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**CITY OF DANVILLE'S RESPONSES TO THE  
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION**

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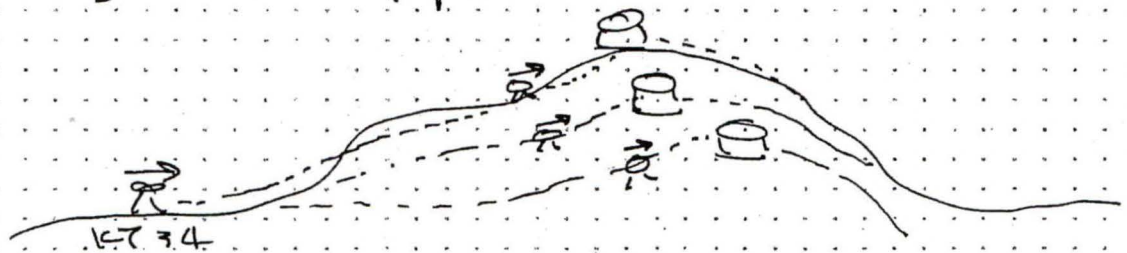
Response to Request No. 15

Call from Earl Coffey 16 Sep 14

Earl had talked w/ Jerry Feathers regarding the questions I had about the KY34 PS.

Earl relayed from Jerry:

With SCADA running, he can see that with all pumps running, the KY34 PS is at 266 gpm. There are pump stations feeding 3 standpipes.



All stations have identical pumps - the KY34 PS has different impeller. No info on the impeller.

The KY34 PS is designed for 335 gpm at 186 TDH; the maximum being 450 gpm at 170 TDH.

The station has 3-in piping which will be replaced with 6-in piping. Pumps couldn't run wide open w/ 3-in feed.

Process CHF 825A @ 2346 @ 3500 Rpm.  
2.5 by 3 by 8

\*City of Danville Water Dept.  
P. O. Box 670  
Danville, KY 40423

\*Jeffrey W. Jones  
Jeffrey W. Jones PLLC, Attorney at Law  
1000 E. Lexington Ave. #3  
Danville, KENTUCKY 40422

\*Caywood Metcalf  
Metcalf & Metcalf  
214 Stanford Street  
Lancaster, KENTUCKY 40444

\*M. Todd Osterloh  
Sturgill, Turner, Barker & Moloney, PLLC  
333 West Vine Street  
Suite 1400  
Lexington, KENTUCKY 40507

\*Mike Perros  
Mayor  
City of Danville Water Dept.  
P. O. Box 670  
Danville, KY 40423

\*Sean Smith  
Manager  
Garrard County Water Association, Inc.  
P. O. Box 670  
Lancaster, KY 40444

\*Debbie Webb  
Co-Manager  
Parksville Water District  
10711 Lebanon Road  
P. O. Box 9  
Parksville, KY 40464