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March 6, 2017

**VIA ELECTRONIC MAIL AND REGULAR MAIL**

Dr. Talina R. Mathews  
Executive Director  
Public Service Commission  
P.O. Box 615  
Frankfort, KY 40602-0615

Re: TFS2017-00075  
Wholesale Provider: City of Madisonville, Kentucky  
Wholesale Purchaser: Nebo Water District

Dear Dr. Mathews:

On February 6, 2017, the City of Madisonville, Kentucky ("Madisonville") filed with the Kentucky Public Service Commission (the "Commission") notice of a proposed adjustment of its rate for wholesale water service to Nebo Water District ("Nebo") to **\$5.01** per 1,000 gallons from \$4.13 per 1,000 gallons. According to this notice, Madisonville's proposed adjustment is to become effective on March 31, 2017.

Based upon the limited information contained in Madisonville's notice, Nebo is unable to ascertain whether the proposed adjustment is consistent with the methodology set forth in the water purchase contracts that Madisonville and Nebo have executed. Nebo did not receive any additional information regarding the proposed adjustment from Madisonville other than the information filed with the Commission.

Pursuant to KRS 278.200 and the Kentucky Supreme Court's holding in *Simpson County Water District v. City of Franklin*, 872 S.W.2d 460 (Ky. 1994), a rate set forth in a contract between a city and a utility may not be charged until the Commission holds a hearing on the proposed change. The Commission has not held a hearing on Madisonville's wholesale rate adjustment. Accordingly, Nebo respectfully requests that the Commission initiate a formal proceeding to investigate the reasonableness of the proposed rate, establish a procedural schedule that allows for discovery, and issue all orders necessary to ensure that the proposed rate is not placed into effect or otherwise assessed before the required hearing.

Dr. Talina R. Mathews

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In initiating this proceeding, Nebo requests that the Commission consider consolidating this proceeding with the North Hopkins Water District proceeding (TFS2017-00074) due to the fact that both proceedings rely on common questions of law and fact. Nebo further requests that, pursuant to 807 KAR 5:001, Section 8, **the Commission direct the use of electronic filing procedures for such proceeding.**

Nebo does not by this letter waive any right that it may possess under Kentucky law to contest any adjustment of Madisonville's wholesale rate occurring before February 6, 2017. Nebo expressly reserves all rights to contest such wholesale rate adjustments that were implemented without a prior hearing before the Commission and to request refunds of any amounts unlawfully assessed and collected.

Sincerely,

Stoll Keenon Ogden PLLC

A handwritten signature in blue ink that reads "Mary Ellen Wimberly". The signature is written in a cursive style with a large, looping "y" at the end.

Mary Ellen Wimberly

MEW

cc: Nebo Water District  
City of Madisonville, Kentucky