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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: TFS2017-00074
Wholesale Provider: City of Madisonville, Kentucky
Wholesale Purchaser: North Hopkins 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 North Hopkins Water District ("North Hopkins") 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, North Hopkins is unable to ascertain whether the proposed adjustment is consistent with the methodology set forth in the water purchase contract that Madisonville and North Hopkins have executed. North Hopkins 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, North Hopkins 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.

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In initiating this proceeding, North Hopkins requests that the Commission consider consolidating this proceeding with the Nebo Water District proceeding (TFS2017-00075) due to the fact that both proceedings rely on common questions of law and fact. North Hopkins further requests that, pursuant to 807 KAR 5:001, Section 8, **the Commission direct the use of electronic filing procedures for such proceeding.**

North Hopkins 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. North Hopkins 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



Mary Ellen Wimberly

MEW

cc: North Hopkins Water District
City of Madisonville, Kentucky