

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE
COMMISSION

In the Matter of:

Joint Petition of the city of Pikeville)
and Mountain Water District for the transfer)
of certain wastewater facilities and related) Case No. 2006-00123
debt)

SUPPLEMENTAL RESPONSE TO MOTION TO INTERVENE

OF CITY OF PRESTONSBURG

The city of Pikeville (Pikeville) and Mountain Water District (Mountain), by counsel, respond to the Reply of Prestonsburg.

The Reply basically repeats the basis of the initial Motion to Intervene. As previously disclosed in Joint Petitioners' Response, that basis is predicated on the Interlocal Agreement and as conceded by Prestonsburg, the issues involved are jurisdictional to the Division of Water, not the Commission.

The Reply does not contradict the assertion in the Response that Mossy Bottom is not part of the Facilities Plan. The issues related to its transfer are irrelevant to the issues raised in the Motion to Intervene.

Prestonsburg repeats its conspiratorial theory that Pikeville is intentionally "bifurcating" these cases to thwart its ability to intervene in or oppose the Sandy Valley Water District, Southern Water and Sewer District and Pikeville water and sewer asset transfer. No such conspiracy exists. Representatives of Joint Applicants met with the Commission Staff and the Attorney General on January 13, 2006. At that meeting, the issue of a joint application involving the Mossy Bottom transfer as well as the Sandy

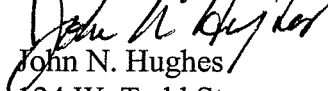
Valley assets was discussed. Because of the difference in the type of transfer involved, the timing of the approvals needed for each and the unrelated nature of the issues, it was the consensus of that meeting that two separate applications be filed. Prestonsburg's assertion that this application is part of a larger integrated project and needs to be consolidated has already been considered and rejected by all affected parties.

Finally, Prestonsburg's request that its intervention motion be considered a complaint is unnecessary. It is anticipated that the application for the transfer of the water and sewer systems referenced in Prestonsburg's motion will be filed in the near future. A complaint now will not speed the filing of that application and may delay it. Any rights that Prestonsburg believes it has to assert in the transfer of Sandy Valley assets can be asserted at the time of the filing of that application.

Prestonsburg has merely repeated the irrelevant issues of its Motion to Intervene and, consequently, has not met the criteria for intervention in this case.

For these reasons, the Motion should be denied.

Submitted By:


John N. Hughes

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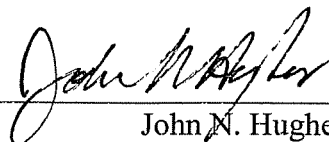
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Attorney for the city of Pikeville
and Mountain Water District

Certification:

I certify that a copy of this Response was served on Kipley J. McNally, 2627 Nelson Miller Pky, # 104, Louisville, KY 40223 by first class mail, the 21st day of April, 2006.


John N. Hughes