

DAMON R. TALLEY, P.S.C.

112 N. LINCOLN BLVD.
P.O. BOX 150
HODGENVILLE, KENTUCKY 42748

TEL. (270) 358-3187
FAX (270) 358-9560

DAMON R. TALLEY

ATTORNEY AT LAW

March 13, 2008

Ms. Beth O'Donnell
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

RECEIVED

MAR 14 2008

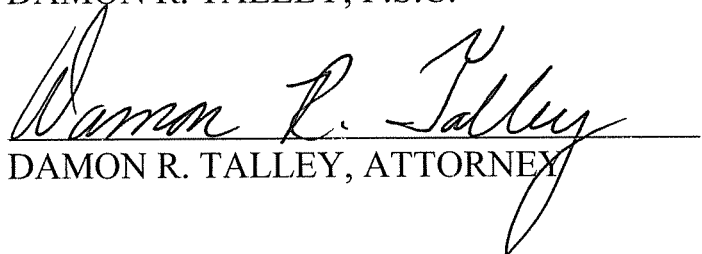
PUBLIC SERVICE
COMMISSION

RE: Case No. 2007-00134
Kentucky-American Water Company

Dear Ms. O'Donnell:

Enclosed for filing are the original and ten (10) copies of the Bluegrass Water Supply Commission's Response to the Louisville Water Company's Motion to Schedule an Informal Conference.

Yours truly,
DAMON R. TALLEY, P.S.C.


DAMON R. TALLEY, ATTORNEY

DRT/ms

Enclosure

cc: All Parties of Record

7/BWSC/O'Donnell 3-13-08

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

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MAR 14 2008

PUBLIC SERVICE
COMMISSION

In the Matter of:

THE APPLICATION OF KENTUCKY-AMERICAN)
WATER COMPANY FOR A CERTIFICATE OF)
CONVENIENCE AND NECESSITY)
AUTHORIZING THE CONSTRUCTION OF)
KENTUCKY RIVER STATION II, ASSOCIATED)
FACILITIES AND TRANSMISSION MAIN)
)

CASE No. 2007-00134

**BLUEGRASS WATER SUPPLY COMMISSION'S
RESPONSE TO LOUISVILLE WATER COMPANY'S MOTION
TO SCHEDULE INFORMAL CONFERENCE**

The BLUEGRASS WATER SUPPLY COMMISSION (the "BWSC"), by Counsel, responds to the Louisville Water Company's (the "LWC") Motion to Schedule an Informal Conference as follows:

1. **No Additional Delays.** Briefs are due to be filed on March 20, 2008.

At the close of the Supplemental Evidentiary Hearing on March 6, 2008, the Commission announced its intention to reach a decision and issue its Order by no later than mid-April, 2008. This case has been pending for nearly 12 months. The Commission has already taken extraordinary and unprecedented steps to afford all

parties opportunity after opportunity after opportunity to present additional evidence in this case. There should be no additional delays.

2. **No Reason for Informal Conference.** The undersigned attorney, throughout his legal career, has been a champion of, and participated in, informal conferences, mediations and settlement conferences. Many were productive; many were not productive. Nevertheless, the undersigned attorney usually avails himself of every opportunity to engage in discussions with other parties where there is a **reasonable** basis to believe that such discussions will be productive without unduly delaying the ultimate resolution of the case. For this and other reasons, BWSC did not oppose LWC's initial request for the Commission to Schedule an additional Informal Conference prior to the November 26, 2007 Evidentiary Hearing. At that time, BWSC was optimistic that an Informal Conference would enable the parties and the Commission to better identify and simplify the issues in this case. An Informal Conference prior to the Evidentiary Hearing could have streamlined the Hearing. Now, after the Commission has already held two (2) Evidentiary Hearings (November 2007 and March 2008), BWSC fails to see any reason for the Commission to convene a Post Hearing Informal Conference. The issues that LWC seeks to discuss in an Informal Conference are issues that will be addressed in the Briefs that the parties will be filing on March 20, 2008.

3. **No Mediation.** LWC seeks, alternatively, to have the Commission appoint a mediator and require the parties to participate in mediation. BWSC strenuously opposes mediation of this matter for two (2) reasons. First, mediation would unduly delay a decision in this case for months. Second, the Commission has already ruled that this case is “not well adapted” for mediation.¹ This is not a “garden variety” circuit court case where an injured party is seeking monetary damages from another. In such a case, both parties have an incentive to participate in mediation to avoid the uncertainty of a jury verdict. In this proceeding, however, the applicant, Kentucky-American Water Company (the “KAWC”) is seeking a certificate of public convenience and necessity to construct certain water supply, treatment and transmission facilities. The Commission, not a mediator, must decide whether KAWC is entitled to a certificate to construct the proposed facilities.

4. **March 20, 2008 Deadline.** An Evidentiary Hearing was conducted in November 2007 and a Supplemental Evidentiary Hearing was conducted in March 2008. Briefs should be filed and the record should be closed on March 20, 2008 so the Commission can issue its Order by mid-April, 2008.

5. **Timing of Informal Conference.** In the event the Commission determines that an Informal Conference will assist the Commission’s resolution of this matter, the Informal Conference should be conducted prior to the filing of the

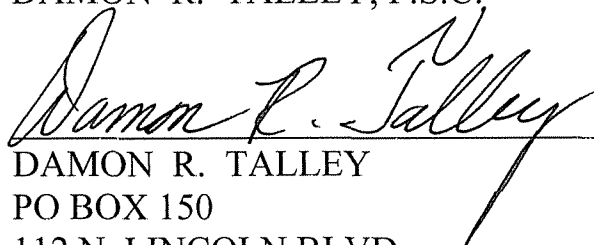
¹ Commission Order dated November 28, 2007 at page 1.

Briefs on March 20, 2008. Fundamental fairness and procedural due process preclude discussions by the parties in the presence of Commission Staff after the record has been closed and Briefs have been filed.

Wherefore, for the foregoing reasons, the BWSC respectfully requests the Commission to deny LWC's Motion for an Informal Conference. In the event such an Informal Conference is scheduled, however, it should be conducted prior to March 20, 2008. Furthermore, BWSC urges the Commission to refrain from taking any action that could delay a decision by the Commission beyond mid-April, 2008.

This 13th day of March, 2008.

Respectfully submitted,
DAMON R. TALLEY, P.S.C.



DAMON R. TALLEY
PO BOX 150
112 N. LINCOLN BLVD.
HODGENVILLE, KY 42748
(270) 358-3187 FAX (270) 358-9560
ATTORNEY FOR BWSC

CERTIFICATE OF SERVICE

This is to certify that a true copy of the foregoing document has been served by first class U.S. Mail, postage prepaid, this 13th day of March, 2008, to the following:

Hon. A. W. Turner, Jr., Gen. Counsel
Kentucky –American Water Co.
2300 Richmond Road
Lexington, Kentucky 40502

Hon. Lindsey W. Ingram, III
Stoll Keenon Ogden PLLC
300 West Vine Street, Suite 2100
Lexington, Kentucky 40507-1801

Hon. David E. Spenard
Assistant Attorney General
1024 Capital Center Drive, Suite 200
Frankfort, KY 40601-8204

Hon. David J. Barberie
Lexington-Fayette Urban Co. Gov.
Department of Law
200 East Main Street
Lexington, KY 40507

Hon. David F. Boehm
Boehm, Kurtz & Lowry
36 East Seventh Street, Suite 2110
Cincinnati, Ohio 45202

Hon. John N. Hughes
124 West Todd St.
Frankfort, KY 40601

Hon. Thomas J. FitzGerald
Kentucky Resources Council, Inc.
PO Box 1070
Frankfort, KY 40602

Hon. Stephen Reeder
Kentucky River Authority
70 Wilkinson Blvd.
Frankfort, KY 40601

Hon. John E. Selent
Dinsmore & Shohl LLP
1400 PNC Plaza
500 West Jefferson Street
Louisville, KY 40202

Hon. Barbara K. Dickens
Louisville Water Company
550 South Third Street
Louisville, KY 40202

DAMON R. TALLEY, P.S.C.

BY:


DAMON R. TALLEY