

RECEIVED

MAY 02 2008

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

PUBLIC SERVICE  
COMMISSION

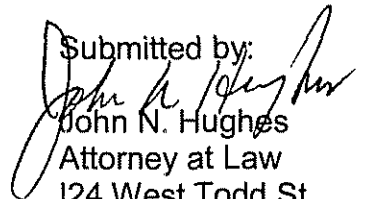
In the Matter of:

Parksville Water District  
v.  
City of Danville, KY

)  
) CASE NO. 2007-00405  
)

**Responses of Parksville Water District**

Submitted by:

  
John N. Hughes  
Attorney at Law  
124 West Todd St.  
Frankfort, KY 40601  
502 227 7270  
[inhughes@fewpb.net](mailto:inhughes@fewpb.net)

Attorney for Parksville Water District

Certification:

I certify that a copy of this Response was mailed to Edward Hays, Box 1517, Danville, KY 40423-1517 and Katherine Yunker, Box 21784, Lexington, KY 40522-1784, the 2nd day of May, 2008.

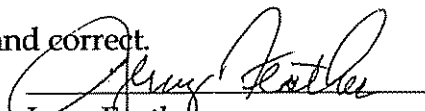
  
John N Hughes

AFFIDAVIT

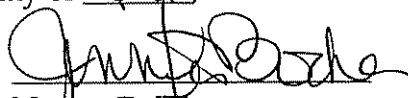
COMMONWEALTH OF KENTUCKY

COUNTY OF BOYLE

Affiant, Jerry Feather, after being first sworn, deposes and says that he is the Co-manager of Parksville Water District, that he is authorized to submit this Response on behalf of the District, and that the information contained in the Response is true and accurate to the best of his knowledge, information and belief, after a reasonable inquiry, and as to those matters that are based on information provided to him, he believes to be true and correct.

  
Jerry Feather

This instrument was produced, signed, acknowledged and declared by Jerry Feather to be his act and deed the 28 day of April, 2008.

  
Notary Public

My Commission expires: March 31, 2012



1. Provide all revisions or supplements, if any, to the analysis/ spreadsheet attached as Exhibit 3 to the Complaint.

Witness: Feather

Response: See Attached. The invoice dated 8/15/05 is the last bill with the correct rate. The invoices dated 9/01/05, 9/15/06, 1/02/07, and 8/01/07 reflect increased rates. The invoice dated 4/01/08 is the most recent bill. The worksheets show the calculation of the increase and the revenue difference in the billed rates.



CITY OF DANVILLE  
 ACCOUNTS RECEIVABLE  
 STATEMENT

RETURN THIS  
 STUB WITH PAYMENT

PARKSVILLE WATER\*  
 PO BOX 9\*  
 PARKSVILLE KY 40464  
 USA

Stmnt date  
 =====  
 08/15/05

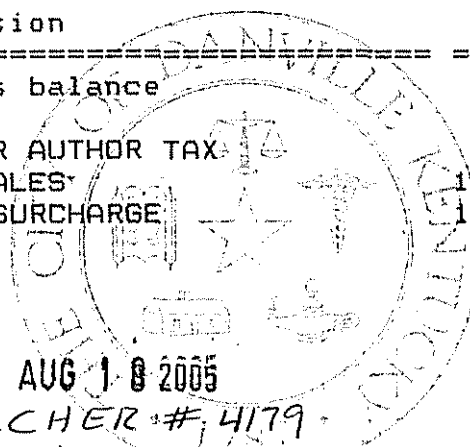
Customer #  
 =====  
 10

PARKSVILLE KY

DUE DATE 09/10/05  
 FROM 07/01/05 TO 08/01/05

Date	Meter nbr	Current reading	Prior reading	Meter units	Mult
08/01/05	2	36,404,00	35,182,80	1,221,200	1

Date	Code	Description	Units	Unit price	Amount
07/25/05		Previous balance			
08/01/05	15	KY RIVER AUTHORITY TAX			260.12
00/00/00	100	WATER SALES	1,221,200		11,908.92
00/00/00	120	REGION SURCHARGE	1,221,200		2,381.78



ENTERED AUG 18 2005  
 A/P VOUCHER # 4179  
 Paid - ck # 8008

Current	30 Days	60 Days	90 & over	Interest	Balance due
14,550.82	.00	.00	.00	.00	14,550.82

ADD 10% OF CURRENT BILL IF NOT PAID BY DUE DATE

AFTER DUE DATE (+ 10%) = \$ \_\_\_\_\_



CITY OF DANVILLE  
ACCOUNTS RECEIVABLE  
STATEMENT

Check Number

8066

008066

RETURN THIS  
STUB WITH PAYMENT

PARKSVILLE WATER\*  
PO BOX 9\*  
PARKSVILLE  
USA

KY 40464

Stmt date  
=====

Customer #  
=====

09/01/05

10

PARKSVILLE KY

DUE DATE 10/10/05  
08/01/05 TO 09/01/05

Date	Meter nbr	Current reading	Prior reading	Meter units	Mult
09/01/05	2	37,503,44	36,404,00	1,099,440	1

Date	Code	Description	Units	Unit price	Amount
08/24/05		Previous balance			
09/01/05	15	KY RIVER AUTHOR TAX			234.18
00/00/00	100	WATER SALES	1,099,440		11,153.20
00/00/00	120	REGION SURCHARGE	1,099,440		2,230.49

ENTERED SEP 21 2005

A/p VOUCHER # 4206

Paid - ck # 8066

Current	30 Days	60 Days	90 & over	Interest	Balance due
13,617.87	.00	.00	.00	.00	13,617.87

ADD 10% OF CURRENT BILL IF NOT PAID BY DUE DATE

AFTER DUE DATE (+ 10%) = \$ \_\_\_\_\_



CITY OF DANVILLE  
ACCOUNTS RECEIVABLE  
STATEMENT

600010  
RETURN THIS  
STUB WITH PAYMENT

PARKSVILLE WATER\*  
PO BOX 9\*  
PARKSVILLE KY 40464  
USA

Stmt date  
=====

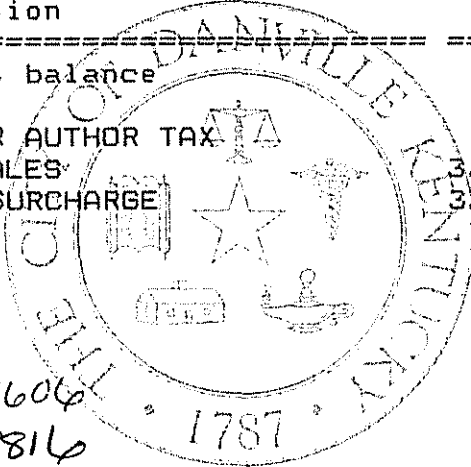
Customer #  
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DUE DATE 10/10/06  
AUTO DEBITING NOW AVAILABLE

PARKSVILLE KY

Date	Meter nbr	Current reading	Prior reading	Meter units	Mult
09/01/06	2	3,532,840	415,100	3,117,740	1

Date	Code	Description	Units	Unit price	Amount
08/29/06		Previous balance			
09/01/06	15	KY RIVER AUTHOR TAX			514.43
00/00/00	100	WATER SALES	3,117,740		31,138.60
00/00/00	120	REGION SURCHARGE	3,117,740		6,227.67



*Thank you*

ENTERED SEP 20 2006

A/p VOUCHER # 4606

Paid - ck # 8816

Current	30 Days	60 Days	90 & over	Interest	Balance due
37,880.70	.00	.00	.00	.00	37,880.70

ADD 10% OF CURRENT BILL IF NOT PAID BY DUE DATE

AFTER DUE DATE (+ 10%) = \$ \_\_\_\_\_

Please remit a copy with payment

City of

Page 1

DANVILLE

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

KENTUCKY

PARKSVILLE WATER\*  
PO BOX 9\*  
PARKSVILLE KY 40464  
USA

Stmt date Customer #  
=====   
01/02/07 10

PARKSVILLE KY

Due Date 02/10/07  
Auto Debiting Available

Date	Meter nbr	Current reading	Prior reading	Meter units	Mult
01/02/07	1	309,700	260,430	49,270	1
01/02/07	3	8,187,100	6,905,400	1,281,700	1

1,330,970

Date	Code	Description	Units	Unit price	Amount
12/29/06		Previous balance			16,027.77
01/02/07	15	KY RIVER AUTHOR TAX			219.61
01/09/07	5	Payment - thank you			-16,027.77
00/00/00	100	WATER SALES	1,330,970		14,082.02
00/00/00	120	REGION SURCHARGE	1,330,970		2,816.34

Current	30 Days	60 Days	90 & over	Interest	Balance due
17,117.97	.00	.00	.00	.00	17,117.97

ENTERED  
A/P VOUCHER # 4734  
Paid - CK # 9077

PLEASE REMIT A COPY WITH PAYMENT.  
ANK FDE:

"The City of Firsts"

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

First Capital of Kentucky District - 1788  
First Political Club in the West - 1786  
First Constitutional Convention in the West - 1792

First College in the West - 1783  
First Law School in the West - 1789  
First State Supported School for Deaf - 1823



City of

# DANVILLE

KENTUCKY

Page 1  
P.O. Box 670  
Danville, KY 40423  
(859) 238-1200

PARKSVILLE WATER\*  
PO BOX 9\*  
ARKSVILLE KY 40464  
USA

Stmt date 08/01/07  
Customer # 10

PARKSVILLE KY

Auto debiting available  
Due date 09/15/07

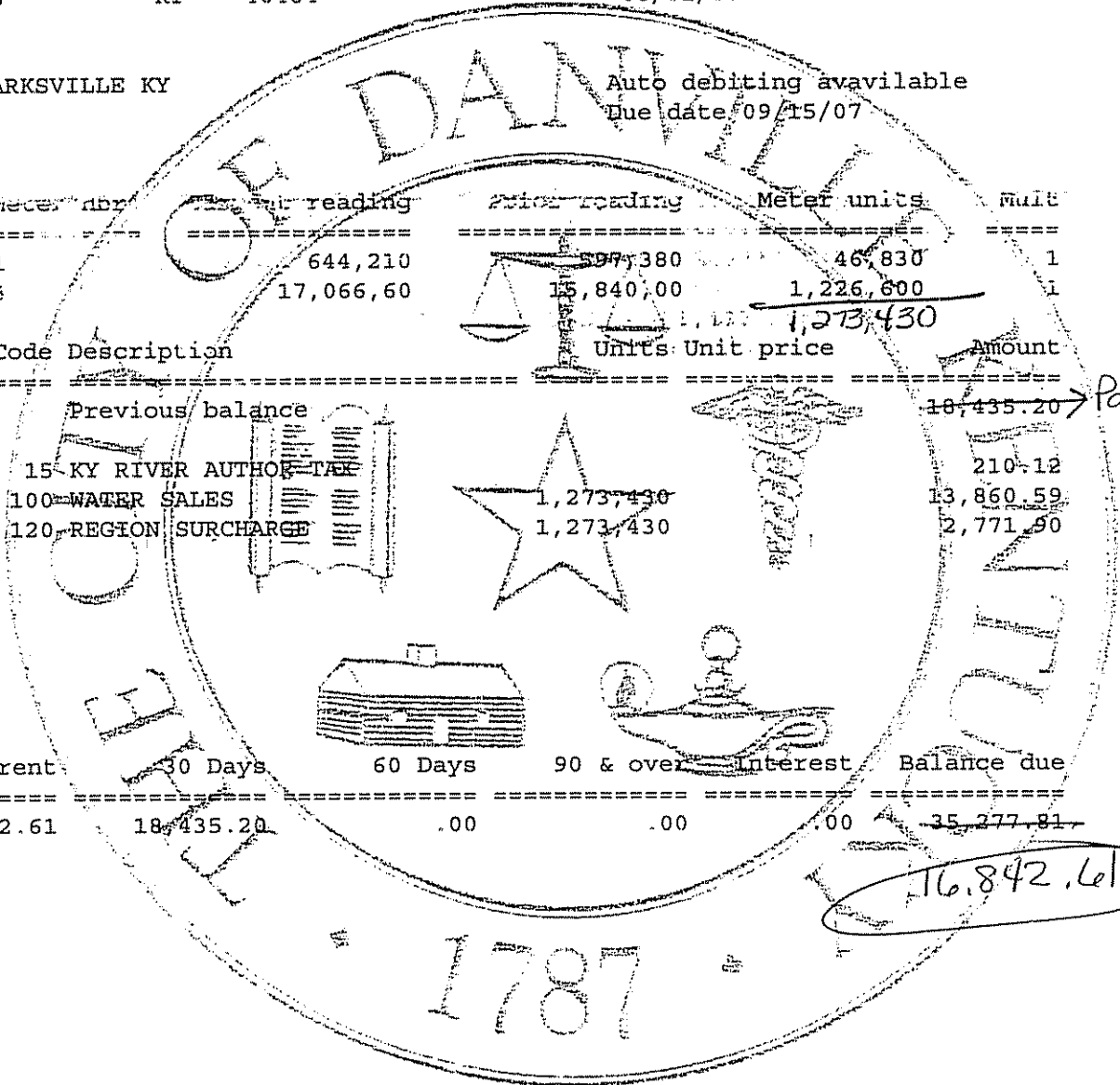
Date	Meter nbr	Current reading	Previous reading	Meter units	Rate
08/01/07	1	644,210	597,380	46,830	1
08/01/07	3	17,066,60	15,840,00	1,226,600	1
				<u>1,226,600</u>	

Date	Code	Description	Units	Unit price	Amount
07/01/07		Previous balance			18,435.20
08/01/07	15	KY RIVER AUTHORITY TAX			210.12
00/00/00	100	WATER SALES	1,273,430		13,860.59
00/00/00	120	REGION SURCHARGE	1,273,430		2,771.90

Pd. 8-1-07

Current	30 Days	60 Days	90 & over	Interest	Balance due
16,842.61	18,435.20	.00	.00	.00	35,277.81

16,842.61



Please Remit a Copy with Payment. Thank You.

"The City of Firsts"

RECEIVED AUG 27 2007  
A/P VOUCHER # 5001  
Faircl - Ck # 9550

First Courthouse in Kentucky - 1788  
First U.S. Post Office in the West - 1790  
First Successful Ovariotomy in the World - 1809

First Capitol of Kentucky District - 1786  
First Polio Cure in the West - 1786  
First Constitutional Convention in the West - 1790

First College in the West - 1793  
First Law School in the West - 1794  
First State Supported School for Deaf - 1800

City of

# DANVILLE

P.O. Box 670  
Danville, KY 40423  
(606) 238-1200

## KENTUCKY

PARKSVILLE WATER\*  
O BOX 9\*  
PARKSVILLE  
USA

KY 40464

Stmt date  
=====  
04/01/08

Customer #  
=====  
10

PARKSVILLE KY

03/01/08 TO 04/01/08  
DUE DATE 5/10/08

Date	Meter	Current reading	Prior reading	Meter units	Multiplier
04/11/08	1000000000	1,030,940	990,850	40,090	1.0000
04/11/08	3	26,981,00	26,087,90	893,100	1

Date	Code	Description	Units	Unit price	Amount
03/25/08		Previous balance			
04/01/08	15	KY RIVER AUTHOR TAX			153.98
00/00/00	100	WATER SALES	933,190		10,437.28
00/00/00	120	REGION SURCHARGE	933,190		2,087.32

Current	30 Days	60 Days	90 & over	Interest	Balance due
12,678.58	.00	.00	.00	.00	12,678.58

ENTERED APR 22 2008

A/p VOUCHER # 5278

Paid - ck # 10053

"The City of Firsts"

First Courthouse in Kentucky - 1755  
First U.S. Post Office in the West - 1792  
First Successful Ovariotomy in the World - 1809

First Capitol of Kentucky District - 1785  
First Political Club in the West - 1786  
First Constitutional Convention in the West - 1792

First College in the West - 1783  
First Law School in the West - 1799  
First State Supported School for Deaf - 1823

Purchased Water Cost Comparison  
August 2005 through March 2008

Month	Calculated on Current Rates					Actual Charged Amount					Difference
	Cubic Feet	Water Amount	20% Surcharge	Kentucky Authority	Total	Water Amount	20% Surcharge	Kentucky Authority	Total		
Aug-05	1,099,440	10,800.90	2,160.18	234.18	13,195.26	11,153.20	2,230.49	234.18	13,617.87	422.61	
Sep-05	1,099,440	10,800.90	2,160.18	234.18	13,195.26	11,153.20	2,230.49	234.18	13,617.87	422.61	
Oct-05	1,099,440	10,800.90	2,160.18	234.18	13,195.26	11,153.20	2,230.49	234.18	13,617.87	422.61	
Nov-05	317,580	3,594.77	718.95	67.64	4,381.36	3,711.93	742.40	67.64	4,521.97	140.61	
Dec-05	1,259,600	12,258.36	2,451.67	268.29	14,978.32	12,658.22	2,531.43	268.29	15,457.94	479.62	
Jan-06	1,349,900	13,080.09	2,616.02	287.53	15,983.64	13,506.77	2,701.10	287.53	16,495.40	511.76	
Feb-06	1,147,700	11,240.07	2,248.01	244.46	13,732.54	11,606.70	2,321.17	244.46	14,172.33	439.79	
Mar-06	806,100	8,131.51	1,626.30	171.70	9,929.51	8,396.68	1,679.30	171.70	10,247.68	318.17	
Apr-06	1,256,300	12,228.33	2,445.67	267.59	14,941.59	12,627.21	2,525.23	267.59	15,420.03	478.44	
May-06	896,400	8,953.24	1,790.65	19.72	10,763.61	9,245.23	1,848.98	19.72	11,113.93	350.32	
Jun-06											
Jul-06											
Aug-06	3,117,740	29,167.43	5,833.49	514.43	35,515.35	31,138.60	6,227.67	514.43	37,880.70	2,365.35	
Sep-06	1,172,640	11,467.02	2,293.40	193.49	13,953.91	12,241.96	2,448.34	193.49	14,883.79	929.88	
Oct-06	1,190,950	11,633.65	2,326.73	196.51	14,156.89	12,419.84	2,483.92	196.51	15,100.27	943.38	
Nov-06	1,269,400	12,347.54	2,469.51	209.45	15,026.50	13,181.98	2,636.34	209.45	16,027.77	1,001.27	
Dec-06	1,330,970	12,907.83	2,581.57	219.61	15,709.01	14,082.02	2,816.34	219.61	17,117.97	1,408.96	
Jan-07	1,289,770	12,532.91	2,506.58	212.81	15,252.30	13,671.89	2,734.31	212.81	16,619.01	1,366.71	
Feb-07	1,425,160	13,764.96	2,752.99	235.15	16,753.10	15,000.31	2,999.99	235.15	18,235.45	1,482.35	
Mar-07	1,327,480	12,876.07	2,575.21	219.03	15,670.31	14,044.40	2,808.82	219.03	17,072.25	1,401.94	
Apr-07	1,095,100	10,761.41	2,152.28	180.69	13,094.38	11,752.16	2,350.37	180.69	14,283.22	1,188.84	
May-07	1,360,110	13,173.00	2,634.60	224.42	16,032.02	14,382.21	2,876.38	224.42	17,483.01	1,450.99	
Jun-07	1,442,960	13,926.94	2,785.39	238.09	16,950.42	15,164.31	3,032.80	238.09	18,435.20	1,484.78	
Jul-07	1,273,430	12,384.21	2,476.84	210.12	15,071.17	13,860.59	2,771.90	210.12	16,842.61	1,771.44	
Aug-07	1,173,330	11,473.30	2,294.66	193.60	13,961.56	12,862.52	2,572.30	193.60	15,628.42	1,666.86	
Sep-07	1,584,870	15,218.32	3,043.66	261.50	18,523.48	17,000.73	3,399.87	261.50	20,662.10	2,138.62	
Oct-07	1,278,950	12,434.45	2,486.89	211.03	15,132.37	13,915.22	2,782.82	211.03	16,909.07	1,776.70	
Nov-07	1,169,310	11,436.72	2,287.34	192.94	13,917.00	12,815.60	2,562.93	192.94	15,571.47	1,654.47	
Dec-07	1,249,290	12,164.54	2,432.91	206.13	14,803.58	13,624.64	2,724.72	206.13	16,555.49	1,751.91	
Jan-08	1,455,450	14,040.60	2,808.12	240.15	17,088.86	15,704.57	3,140.66	240.15	19,085.38	1,996.52	
Feb-08	1,456,740	14,052.33	2,810.47	240.36	17,103.16	15,715.45	3,142.83	240.36	19,098.64	1,995.48	
Mar-08	933,190	9,288.03	1,857.61	153.98	11,299.61	10,437.28	2,087.32	153.98	12,678.58	1,378.97	
					449,311.33				484,453.29		
										Difference 35,141.96	

Bill Amount Difference and Percentage Increase

Mo/Yr	Existing Rate Total Bill	Actual Total Billed Amount	Total Difference	% Difference
Jul-05	\$ 14,550.82	\$ 14,550.82	\$ -	
Aug-05	\$ 13,195.26	\$ 13,617.87	\$ 422.61	3.20%
Sep-05	\$ 13,195.26	\$ 13,617.87	\$ 422.61	3.20%
Oct-05	\$ 13,195.26	\$ 13,617.87	\$ 422.61	3.20%
Nov-05	\$ 4,381.36	\$ 4,521.97	\$ 140.61	3.21%
Dec-05	\$ 14,978.32	\$ 15,457.94	\$ 479.62	3.20%
Jan-06	\$ 15,983.64	\$ 16,495.40	\$ 511.76	3.20%
Feb-06	\$ 13,732.54	\$ 14,172.33	\$ 439.79	3.20%
Mar-06	\$ 9,929.51	\$ 10,247.68	\$ 318.17	3.20%
Apr-06	\$ 14,941.59	\$ 15,420.03	\$ 478.44	3.20%
May-06	\$ 10,763.61	\$ 11,113.93	\$ 350.32	3.25%
Jun-06			\$ -	
Jul-06			\$ -	
Aug-06	\$ 35,515.35	\$ 37,880.70	\$ 2,365.35	6.66%
Sep-06	\$ 13,953.91	\$ 14,883.79	\$ 929.88	6.66%
Oct-06	\$ 14,156.89	\$ 15,100.27	\$ 943.38	6.66%
Nov-06	\$ 15,026.50	\$ 16,027.77	\$ 1,001.27	6.66%
Dec-06	\$ 15,709.01	\$ 17,117.97	\$ 1,408.96	8.97%
Jan-07	\$ 15,252.30	\$ 16,619.01	\$ 1,366.71	8.96%
Feb-07	\$ 16,753.10	\$ 18,235.45	\$ 1,482.35	8.85%
Mar-07	\$ 15,670.31	\$ 17,072.25	\$ 1,401.94	8.95%
Apr-07	\$ 13,094.38	\$ 14,283.22	\$ 1,188.84	9.08%
May-07	\$ 16,032.02	\$ 17,483.01	\$ 1,450.99	9.05%
Jun-07	\$ 16,950.42	\$ 18,435.20	\$ 1,484.78	8.76%
Jul-07	\$ 15,071.17	\$ 16,842.61	\$ 1,771.44	11.75%
Aug-07	\$ 13,961.56	\$ 15,628.42	\$ 1,666.86	11.94%
Sep-07	\$ 18,523.48	\$ 20,662.10	\$ 2,138.62	11.55%
Oct-07	\$ 15,132.37	\$ 16,909.07	\$ 1,776.70	11.74%
Nov-07	\$ 13,917.00	\$ 15,571.47	\$ 1,654.47	11.89%
Dec-07	\$ 14,803.58	\$ 16,555.49	\$ 1,751.91	11.83%
Jan-08	\$ 17,088.86	\$ 19,085.38	\$ 1,996.52	11.68%
Feb-08	\$ 17,103.16	\$ 19,098.64	\$ 1,995.48	11.67%
Mar-08	\$ 11,299.61	\$ 12,678.58	\$ 1,378.97	12.20%
	\$ 449,311.33	\$ 484,453.29	\$ 35,141.96	



2. Provide all supporting studies, derivations, or workpapers for the analyses referenced in Data Request 1.

Witness: Feather

Response: See Response 1



3. Provide all data, input files, intermediate results, or other information necessary to replicate the analyses referenced in Data Request 1.

Witness: Feather

Response: See Responses 1 and 2





4. To the extent not already identified in response to Data Requests 2 and 3, identify the source of any numerical data used in the analyses referenced in Data Request 1.

Witness: Feather

Response: See Responses 1 and 2.



5. In ¶6 of the Complaint, Parksville refers to review of wholesale water bills received from Danville in late 2006." Describe when, by whom, and why this review was conducted, and provide any documents created as part of, or that relate to that review.

Witness: Feather

Response: Jerry Feather, co-manager of Parksville Water District, made a routine review of the bills in late December, 2006. He compared the water usage to previous bills and noticed a discrepancy in the current and prior bills. After comparing usage amounts from his metering data, he determined that the discrepancy was not related to usage, but to billing. He then determined that the rate billed to the District had increased as reflected in the schedules provided in Responses 1 and 2.



6. Does Parksville contend that the review referenced in ¶ 6 of the Complaint was the first time it “noticed a discrepancy” in amounts billed going back to an August 2005 bill received in September 2005? If so, does Parksville have any explanation for how a discrepancy that it alleges began in a bill received in September 2005 went unnoticed for over a year?

Witness: Feather

Response: Yes. Parksville had no notice from Danville of a change in rates and had no reason to suspect that any change had been made in the rate or billing method. The amount of the initial change was not so great to cause any suspicion that something other than routine usage fluctuations had occurred. However, when the review of meter readings and billing data showed that the amount billed compared to the amount of usage was not consistent, a more detailed review disclosed that the billed rate had changed several times.



7. In ¶17 of the Complaint, Parksville alleges that it "attempted to contact representatives from Danville to determine the source of the billing discrepancy, but the matter remained unresolved." Describe each such attempt, including when, how, by whom, and to whom it was directed and the substance of any proposed resolution, inquiry to, or communication with Danville representatives. Provide any email, letters, phone logs, or notes that constitute or document such contacts or communication.

Witness: Feather

Response: Jerry Feather made a number of contacts with employees of the city utility department over a period of several months. However, because he expected that there would be a cooperative effort on the part of the city to resolve the issue, he did not maintain records of his contacts or the persons he talked to about the issue. This was not a matter that he expected to be litigated and consequently he did not create a documented history of the contacts.



07/30/07 – Monday

Jerry – general, mail, gallon totals, payroll hours, timesheets, banking

Paul – starting tap on Baker Lane, marking line on Buck Sawyer's property, working on yoke at Kathy Lister property

Kay – entered payments, prepared bank deposit

Sean – starting tap on Baker Lane, marking line on Buck Sawyer's property, working on yoke at Kathy Lister property

Joseph – dailies, turn ons, offs, reconnects, marking lines at Buck Sawyer's property, working on yoke at Kathy Lister's

Debbie – general office, ap, ar, payroll

07/31/07 – Tuesday

Jerry – general, mail, gallon totals, payroll hours, banking, call to City of Danville Mayor's office to request information on water rate increases, was advised mayor was out of town but they would try to get someone to call me. Received call from city engineer advising that the cost of living increase percentage would be added to our rates automatically each year. He advised this was in an ordinance passed sometime in the 90's. We advised our rates did not increase until September of 2005, again in September 2006, and again in 2007, and we had not been given any notice of the increases. He advised that the increases were automatic as they were built into the ordinance and they weren't required to give us notice. Contacted Attorney John Hughes to advise of the conversation with the city engineer and advised him we would make one more attempt to contact the mayor upon his return. We would advise Mr. Hughes if we needed to proceed with filing a complaint with the PSC after talking to the mayor. We also called Lake Village Water Association to advise them of the conversation with the City of Danville and they advised they would check their bills.

Paul – Replacing svc line and installing iprv at Kathy Lister's

Kay – took payments

Sean – replacing svc line and installing iprv at Kathy Lister's, took ½ sick day

Joseph – dailies, turn ons, offs, helping with svc line and iprv at Lister's

Debbie – general office, ap, ar

# Parksville Water District

P.O. Box 9

10711 Lebanon Rd , Parksville, KY 40464

Phone: (859) 332-2255 Fax: (859) 332-2482

e-mail. [pwd@kywimax.com](mailto:pwd@kywimax.com)

September 6, 2007

Honorable Hugh Coomer, Mayor  
City Hall  
445 West Main Street  
Danville, Ky. 40422

Parksville Water District is providing you with a copy of our complaint against the city of Danville for your convenience. This complaint will be filed with the Public Service Commission in five days. If some resolution to this problem can be agreed upon before we file with the Commission, please contact our office.

Sincerely,



Debbie Webb  
Co-Manager



Jerry Feather  
Co-Manager

Cc: City Manager

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

Parksville Water District	)	
	)	
v.	)	Case No. 2007-00
	)	
City of Danville	)	

**COMPLAINT**

Parksville Water District, by counsel, files this complaint against the city of Danville for the purpose of protesting the city's increase of its wholesale water rate charged to Parksville.

1. Parksville is a statutorily created water district operating pursuant to KRS Chapter 74. It is regulated by the Pubic Service Commission.

2. Its address is 10711 Lebanon Road, Box 9, Parksville, KY 40464;

3. Parksville purchases water at wholesale from the city of Danville. A copy of the water purchase contract is attached as exhibit 1.

6. During a review of wholesale water bills received from Danville in late 2006, Parksville noticed a discrepancy in the amount billed and the amount it calculated was owed based on the current wholesale rate from Danville. The August, 2005 bill received in September, 2005 was the first bill that deviated from the contract rate.

7. Parksville attempted to contact representatives from Danville to determine the source of the billing discrepancy, but the matter remained unresolved.

8. In September 2006, Parksville detected another billing change from Danville, which

increased the wholesale water cost above that which Parksville believed to be in effect. It attempted to contact representatives of Danville to resolve the matter, but was unsuccessful.

9. Parksville believes that the increase in rates from August, 2005 to the present billing is void and that the city has failed to comply with procedures established by the Commission to increase rates.

10. The city failed to give Parksville notice required of 807 KAR 5:011(8)(2).

11. The city failed to comply with the directive of the Commission dated December 18, 1998, that requires a city to follow one of two methods to increase rates: (1) file a new rate schedule or tariff specified in 807 KAR 5:011(6)(3); or (2) file an application for an increase in rates pursuant to KRS 278.190;

12. No cost study has been prepared or filed by the city as specified in the Commission's regulation 807 KAR 5:001(10) for information to be submitted in support of the proposed rate increase.

13. No notice of an effective date of the proposed increase in rates was given to the Commission or Parksville as required by 807 KAR 5:011(9).

14. Because no notice was given to Parksville about the rate filing, it had no opportunity to object to it.

15. Parksville has recently been provided by the city a copy of Ordinance 1536, dated September 30, 1997, which increases the wholesale water rate and purports to allow for an annual cost of living increase in the wholesale water rate, attached as exhibit 2.

16. Based on the bill analysis attached as exhibit 3, Parksville believes it has been improperly billed for water in the amount of \$20,672.78 from August, 2005, through July, 2007.

It seeks determination that the bills from Danville for the period August, 2005 through the present were improper; a recalculation of its bills from Danville to reflect the correct amount due for water pursuant to the currently effective rate; and credit on future bills of the amount improperly billed or any additional amount determined by the Commission to have been improperly billed without notice and without approval of the Commission.

For these reasons, Parksville request that the Commission void the rate increases improperly

charged and collected by Danville, order a recovery of the improperly collected rates and for any other relief appropriate.

Submitted By:  
John N. Hughes  
124 W. Todd St.  
Frankfort, KY 40601

Attorney for Parksville Water District



8. In ¶8 of the Complaint, Parksville states that it "detected another billing change for Danville" in September 2006. Describe how and by whom the referenced detection occurred and provide any documents created as part of, or that relate to that detection.

Witness: Feather

Response: After finding the unexpected rate increase in the prior bills, Parksville began to review each bill for any changes. Jerry Feather discovered that the billing rate had again increased a part of this ongoing review. All records are reflected on Responses 1 and 2.





9. In ¶8 of the Complaint, Parksville alleges that it again "attempted to contact representatives of Danville to resolve the matter." Describe each such attempt, including when, how, by whom, and to whom it was directed and the substance of any proposed resolution, inquiry to, or communication with Danville representatives. Provide any email, letters, phone logs, notes, or other materials that constitute or document such contacts or communication.

Witness: Feather

Response: See Response 7.



10. Other than the contact attempts alleged in ¶ 7 and 8 of the Complaint, has Parksvine done anything in response to the alleged "billing changes" or "discrepancies" in amounts billed by Danville? If so, describe each such response and provide any documents related thereto.

Witness: Feather

Response: Yes, having failed to get a response from the city, it filed this complaint with the PSC.



11. Whether as part of its budget process, in making its annual reports to the Commission, or otherwise, does Parksville routinely review its wholesale water bills from Danville or communicate with Danville about rates or volume of water purchased or needs? If so,
- a. describe any such routine review or communication, including its frequency, how long it has been the routine, and who at Parksville is responsible for the process; and
  - b. provide any documentation related to or generated by that process.

Witness; Feather

Response: Yes, Parksville routinely checks the monthly bills received from Danville to compare the volumetric usage amounts. The usage in 2004 through 2006 appeared to be consistent with prior periods and raised no suspicions of a problem. Because no notice had been given by Danville of a rate increase, the rate change was not noticed. Jerry Feather has made this check since he has been co-manager of the District. There are no documents generated by the review. Until this discrepancy was discovered, there has been no need to discuss specific billing issues with Danville.



12. Does Parksville contend that it is not bound by the provision on page 3 of the 10/4 /94 Water Purchase Contract (attached as part of Exhibit I to the Complaint) that "if at any time during the term of the agreement the rate[s] charged to the other wholesale or industrial consumers ... are modified, either increased or decreased, the rate of charge to the Purchaser shall automatically be modified to conform to such rates"? If so, provide the basis (including any supporting documents) for that contention.

Witness: Feather

Response: Parksville is unaware of any wholesale rate changes to other customers referenced in the contract. The contentions as to the validity of the rate increase by Danville are specified in the Complaint filed with the PSC.





13. Describe the circumstances under which Parksville "recently ... obtained a copy of Ordinance 1536, dated September 30, 1997" as alleged in ¶15 of the Complaint. Is it Parksville's contention that it was unable to obtain a copy of the referenced ordinance before that? If so, provide the basis (including any supporting documents) for that contention.

Witness: Feather

Response: Jerry Feather requested a copy of the ordinance from the Mayor's office and it was provided as a result of that request. Parksville had no reason to obtain a copy of the ordinance prior to the time it learned that it was the possible source of the city's basis for increasing the water rate.



14. State whether Parksville received actual notice in 1997 of the contents or subject of Ordinance No. 1.536 (attached as Exhibit 2 to the Complaint),
- a. If so, describe how, when, and what notice was received.
  - b. If not, but Parksville received actual notice of Ordinance No. 1536 after 1997, describe how, when, and what notice was received.

Witness: Feather

Response: Parksville can find no indication in its records of receipt of that ordinance. Its first awareness of it was in a result of investigation of the issues presented in the complaint to the PSC.



15. Does Parksville contend that notice of Ordinance No. 1536 was not published by the *Danville Advocate Messenger* on or about September 30, 1997? If so, provide the basis (including any supporting documents) for that contention.

Witness; Feather

Response: No.



16. Does Parksville contend that the ratification and incorporation of the terms of "the existing Water Purchase Contract" in the 1/11/02 Addendum to Water Purchase Contract (attached as part of Exhibit 1 to the Complaint) does not include the provision on page 3 of the 10/4/ 94 Water Purchase Contract that "if at any time during the term of the agreement the rate[s] charged to the other wholesale or industrial consumers ... are modified, either increased or decreased, the rate of charge to the Purchaser shall automatically be modified to conform to such rates"? If so, provide the basis (including any supporting documents) for that contention.

Witness: Feather

Response: The contentions as to the validity of the rate increase by Danville are specified in the Complaint.





17. Does Parksville contend that any modification to its rates on or after July 1, 1998, exceeds an adjustment for the purchasing power of the dollar in accordance with KRS 83A.075 and as computed by the Finance and Administration Cabinet (now the Governor's Office for Local Development) — whether for the respective year or cumulatively since July 1, 1998? If so, provide the basis (including all workpapers, calculations, and data) for that contention.

Witness: Feather

Response: The contentions as to the validity of the rate increase by Danville are specified in the Complaint. Parksville has not been provided with any basis for the rate increase by Danville. It has no information to determine how the rate was increased or whether it was increased using the referenced adjustment.