

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

Alleged Failure of the City of Danville to Comply with
KRS 278.160 and 278.180 and the Commission's
Order of August 10, 1994 in Administrative Case No.
351

Case No. 2008-00176

RECEIVED

MAY 29 2008

PUBLIC SERVICE
COMMISSION

**Request for Informal Conference
and Extension of Time**

In accordance with ordering paragraph 7 of the Commission's Order dated May 22, 2008 ("the Initiating Order"), the City of Danville ("Danville") requests (1) an informal conference with Commission Staff (and the other parties) to consider any matter that may aid in the handling or disposition of this proceeding and (2) an extension of the deadline in paragraph 1 of the Initiating Order. In support of its request, Danville states as follows:

1. Danville was not a party to one of the three proceedings (Case No. 2008-109) to which reference is made and whose record has been incorporated into the record of this proceeding. Another of those three proceedings, Case No. 2007-00405, was initiated by a complaint "protesting Danville's increase of its wholesale water rate ... as being in excess of the contract rate." Order of April 4, 2008, in Case No. 2007-00405, p.1. The complainant however has provided no evidence of charges not permitted by the contract and has failed to provide answers to data requests asking for specifics about contentions that Danville has deviated from the contract.

2. Although the focus of the Initiating Order appears to be on allegations that Danville has "failed to comply" with certain statutes and a Commission Order, it also refers to

charges as being consistent (or not) with Danville's respective contracts with the other parties and allegations that Danville is charging rates in excess of those allowed by contract.

3. Danville denies that its charges to the other parties have deviated from the respective contracts, and it does not concede that it has violated any applicable requirement or regulation. It has no intent to violate an applicable requirement or regulation or to deviate from its contracts and — regardless of whether it is obliged or mandated to do so — is willing to discuss and consider how it might address concerns of the Commission and other parties and assist them in meeting their respective responsibilities and mandates.

4. An informal conference with the Commission Staff, particularly one in which the other parties are active participants, will clarify the scope of the investigation, promote the settlement of issues that may be resolved between the parties and the efficient disposition of any remaining issues, and provide Danville with adequate notice of the issues and allegations against it so that it may have a meaningful opportunity to be heard.

5. Danville requests an extension of the deadline in ordering paragraph 1 of the Initiating Order, to provide it with at least 30 days from the date of any informal conference granted or from the date this request is denied, whichever is later. The requested informal conference is anticipated to clarify and narrow the issues to be addressed by Danville in the response to be filed. However, even with clarification and narrowing, Danville will need more than 20 days in which to prepare a response because it must review the records incorporated into this proceeding and gather facts and documents over a range of many years. In conducting its investigation for Case No. 2007-00405, Danville reviewed the Commission's records and found that documents there were incomplete or missing — which complicates investigation and response. If the

request for an informal conference is denied, it will be even more difficult for Danville to prepare its response.

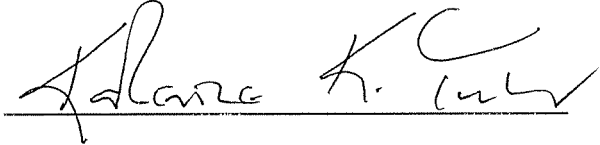
6. Ordering paragraph 3 of the Initiating Order directs that “Danville shall immediately cease charging its wholesale public utility customers the rates that differ from those set forth in its water purchase contract with those customers.” Danville does not admit that it has charged the other parties any rate that is invalid, unlawful, or other than as provided by its contracts with them; however, to allay any concern that this request for an informal conference and related extension may unduly burden the other parties and with the goal of acting in accordance with the Commission’s Order, Danville notifies the Commission and the parties that it will reduce the basic rates on the bills it issues to Garrard County Water Association, Parksville Water District, and Lake Village Water Association, Inc. The next bills to be issued will be on meter readings in early June of volumes delivered in May 2008. The rates used will be those used in June 2005, prior to any increase in accordance with Danville Ordinance No. 1536, § 3 (adjusting for changes in the purchasing power of the dollar).

WHEREFORE, the City of Danville respectfully requests an informal conference and a related extension of time.

Respectfully submitted,

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CERTIFICATE OF FILING AND SERVICE

I hereby certify that on this the 28th day of May, 2008, the original and ten (10) copies of the foregoing were sent by first-class U.S. mail for filing with the Commission, and a copy was sent by first-class U.S. mail for service on:

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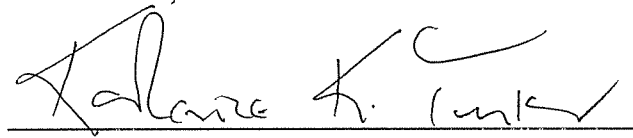
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