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PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

Alleged Failure of the City of Danville To Comply) Case No. 2008-00176
with KRS 278.160 and 278.180 And the
Commission's Order of August 10, 1994 In)
Administrative Case No. 351

TESTIMONY OF JERRY FEATHER

1. State your name.

A. Jerry Feather

2. What is your position with Parksville Water District?

A. I have been co-manager of the District since June 12, 1998.

3. Does Parksville purchase water at wholesale from the city of Danville?

A. Yes, the contracts for service have been filed with the PSC.

4. Does Parksville believe it has been improperly billed for water purchases
by Danville?

A. Yes. 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 approved wholesale rate from
Danville. The August, 2005 bill received in September, 2005 was the first bill that

deviated from the contract rate.

5. What did you do about that billing discrepancy?

A. I attempted to contact representatives from Danville to determine the source of the billing discrepancy, but received no response, so the matter remained unresolved.

6. Were any other billing errors detected?

A. Yes, in September 2006, I detected another billing change from Danville, which increased the wholesale water cost above that which Parksville believed to be in effect. I attempted to contact representatives of Danville to resolve the matter, but was unsuccessful.

7. What is the amount of the billing error that you determined?

A. From August, 2005 through November, 2008, the date the Commission ordered Danville to charge the approved rate, the amount of overcharge is \$38,171.78.

8. How did you calculate that amount?

A. I started with the cubic feet we were billed each month by the city. Next I used the following schedule of rates that were in effect before the first disputed increase to calculate the water amount shown on the chart under "Calculated on Current Rates" column.

Usage Block	Rate	Amount
First 20,000 cubic feet	.0168	\$ 336.00
Next 80,000 cubic feet	.0135	\$ 1,080.00
Next 100,000 cubic feet	.0105	\$ 1,050.00
Next 300,000 cubic feet	.0096	\$ 2,880.00
Over 500,000 cubic feet	.0091	\$ 5,346.00

Since we normally purchase over 500,000 cubic feet, the \$5,346.00 is constant on all bills except the November 2005 bill.

The August 2005 bill was for 1,099,440 cubic feet. Since we already know the cost of the first 500,000 cubic feet is \$5346.00, we calculate the remaining 599,440 cubic feet by multiplying by .0091 which gives us \$5454.90. Adding the two amounts together gives us \$10,800.90, the water amount listed under "Calculated on Current Rates" on the chart.

The water amount was then multiplied by the surcharge percentage of 20% which gives us \$ 2,160.18 as the surcharge amount. The Kentucky River Authority tax amount of \$234.18 is the actual amount on the bill for that month.

Calculated water amount	\$10,800.90
20% Surcharge amount	\$ 2,160.18
Ky River Authority Tax	\$ 234.18
	<hr/>
Total	\$13,195.26

The above total is the "Total" in the "Calculated on Current Rates" side of the chart.

All of the amounts on the "Actual Charged Amount" side of the chart are taken directly off the bills received from Danville. The difference in the "Total" on this side of the chart and the "Total" from the "Calculated on Current Rates" side of the chart is the amount listed under "Difference" on the chart.

On the August 2005 bill the Total of the Actual billed amount is \$ 13,617.87, and the Total of the Calculated on Current Rates amount is \$ 13,195.26. The difference is \$422.61.

Each month was calculated this way to get the difference. The November 2005 bill has to be figured separately since it is less than 500,000 cubic feet. Also, on the December 2006 bill, the city began charging Parksville for two meters. Parksville only has one meter, which it owns. The meter has two dials, high flow, and low flow. The total usage on both dials has to be added together to get the usage for the one meter. The city was billing Parksville for two different meters when there was only one. The city has since corrected this error beginning with the

August 2008 bill. The schedule showing these amounts was filed on February 9th with the responses to Danville's second data request

9. Did Parksville receive notice from Danville of any of these rate changes?

A. No.

10. Did you check with the PSC to see if a tariff with these rate changes had been filed?

A. Yes, but was unable to locate any notice of a rate change by Danville.

11. What is it that Parksville seeks from the PSC?

A. Parksville seeks a determination that the bills from Danville for the period August, 2005 through November, 2008 are improper; a recalculation of the bills from Danville to reflect the correct amount due for water pursuant to the approved rate; and an immediate credit or refund with interest of the amount improperly billed and any additional amount determined by the Commission to have been improperly billed without notice and without approval of the Commission.

12. Does this conclude your testimony?

A. Yes.

AFFIDAVIT

COMMONWEALTH OF KENTUCKY

COUNTY OF BOYLE

Affiant, Jerry Feather, after being first sworn, deposes and says that the foregoing prepared testimony is true and correct to the best of his knowledge and belief except as to those matters that are based on information provided to him and as to those he believes to be true and correct.

Jerry Feather

This instrument was produced, signed and declared by Jerry Feather to be his act and deed the _____ day of February, 2009.

Notary Public


My Commission expires:_____

AFFIDAVIT

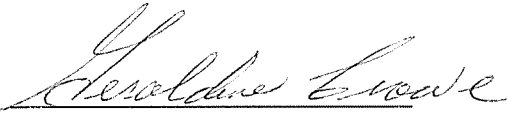
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Jerry Feather

This instrument was produced, signed and declared by Jerry Feather to be his act and deed the 10 day of February, 2009.


Notary Public

My Commission expires: 6/20/11