

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED
OCT 06 2009
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) CASE NO. 2008-00176
COMMISSION'S ORDER OF)
AUGUST 10, 1994 IN)
ADMINISTRATIVE CASE NO. 351)

Comes now the Garrard County Water Association, Inc. ("Garrard Water") for its response to the Order of the Commission entered in the within case on September 25, 2009, would state as follows:

That all evidence presented in the case demonstrates that the City of Danville increased the water rates charged to Garrard Water (as well as the other parties) without seeking approval for these rate increases through the PSC. It has also been further demonstrated that the City of Danville did not knowingly increase these rates to Garrard Water. The rate increases appear to be the result of clerical mistakes within the operations of the City of Danville.

After discussions with the City of Danville a settlement agreement was reached that resulted in a repayment plan to Garrard Water of the agreed upon over charges. This settlement agreement made no provision for payment of a penalty. Garrard Water is not seeking the imposition of penalties upon the City of Danville. This decision lies within the sound discretion of the Commission.

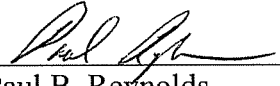
Respectfully submitted this 5th day of October, 2009.

GARRARD COUNTY WATER
ASSOCIATION, INC.

P.O. Box 670

Lancaster, KY 40444

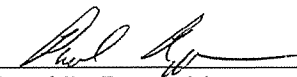
859-792-4501

By: 

Paul B. Reynolds

CERTIFICATE OF SERVICE

This is to certify that the foregoing RESPONSE was served by mailing a true copy thereof to H. Vincent Pennington, III, Esquire, 114 South Fourth Street, Danville, Kentucky 40422, and Katherine K. Yunker, Esquire, P.O. Box 21784, Lexington, Kentucky, 40522-1784, attorneys for the City of Danville; to John N. Hughes, Esquire, 124 W. Todd Street, Frankfort, Kentucky, 40601, attorney for the Parksville Water District and William L. Stevens, Esquire, 337 West Broadway Street, P.O. Box 901, Danville, Kentucky, 40423, attorney for Lake Village Water Association this 5th day of October, 2009.



Paul B. Reynolds