

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

JUL 06 2010

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

**Response of the City of Danville  
to Commission Staff's Second Data Request**

The City of Danville hereby responds to the second data request of the Commission Staff dated June 28, 2010 ("the Request").<sup>1</sup> The six numbered questions of the Request seek information related to the Proposed Settlement Agreements filed jointly (with each respective utility) with a Motion seeking Commission review and approval on June 1, 2009 (Parksville Water District and Lake Village Water Association, Inc.) and on June 4, 2009 (Garrard County Water Association, Inc.). On July 1, 2010, the undersigned counsel spoke with the Commission Staff Attorney for this proceeding (Virginia Gregg) about practical difficulties in providing the information in the format requested by the specified deadline,<sup>2</sup> and it was suggested that it would be sufficient for counsel to file a response on behalf of Danville.

Danville reports that it has not paid to the respective utilities any part of the amount stated in ¶4 of the respective Proposed Settlement Agreement. **(2nd Request Nos. 1, 3, 5)**

In entering into the Proposed Settlement Agreements and submitting them to the Commission for approval, it was Danville's commitment and intent to faithfully discharge all of

---

<sup>1</sup> Although they are listed on the service list, Lexington- and Danville-based counsel for Danville have yet to receive a copy of the Request or of the requests directed toward the three utilities.

<sup>2</sup> The undersigned also informed her of the sad news that counsel of record for Lake Village, Mr. William L. Stevens, has passed away since the last party filings in this proceeding.

the obligations undertaken — including timely payment of the ¶4 amounts — upon Commission approval of the Agreements. The parties all agreed that Commission approval was necessary for each Agreement to be effective, and none thought that it would take the Commission more than 30 days to issue a decision on the Proposed Settlement Agreements. Paragraph 3 of each Agreement actually allowed 90 days for final resolution of the proceeding,<sup>3</sup> and the effectiveness of each Agreement expressly depended upon “Commission approval of the entire agreement without modification, together with a final and appealable dismissal of the case ... within 90 days of submission to the Commission with a request for approval...” In late August 2009, the undersigned counsel alerted representatives of the utilities about the approach of the 90th day and inquired what they wanted to do if the 90-day period expired; the only response was that no one knew why there was no Commission order yet.

Danville hopes that the terms and conditions of the Proposed Settlement Agreements can be appropriately brought forward and approved by the Commission and thus resolve all disputes, issues, and questions about the past and implement an accord about proper calculation of charges and proposed changes thereto — as the parties express in Agreement ¶2 was their intent in entering into and submitting the Proposed Settlement Agreements in May and June 2009. **(2nd Request Nos. 2, 4, 6)**

Danville does not know whether the Commission would approve the basic terms and conditions of the Proposed Settlement Agreement or whether the respective utilities would be amenable to making the resolution and settlement current. If, however, the amounts stated in ¶4 of the respective Proposed Settlement Agreements are approved by the Commission and are part of a current settlement and resolution between the parties, Danville reports that it has made

---

<sup>3</sup> The Proposed Settlement Agreement with Parksville also provided for resolution of Case No. 2007-00405.

provision for payment of the respective amounts within days and would not exercise the 12-month allowance in ¶4 of the Agreements with GCWA and Lake Village.

Respectfully submitted,

H. Vincent Pennington, III  
SHEEHAN, BARNETT, DEAN &  
PENNINGTON, P.S.C.  
114 S. Fourth St.  
P. O. Box 1517  
Danville, KY 40423-1517

Katherine K. Yunker  
YUNKER & PARK PLC  
P.O. Box 21784  
Lexington, KY 40522-1784  
859-255-0629  
fax: 859-255-0746

By:   
\_\_\_\_\_

ATTORNEYS FOR THE CITY OF DANVILLE

CERTIFICATE OF FILING AND SERVICE

I hereby certify that on this the 2nd day of July, 2010, 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:

John N. Hughes  
124 W. Todd St.  
Frankfort, KY 40601-2826

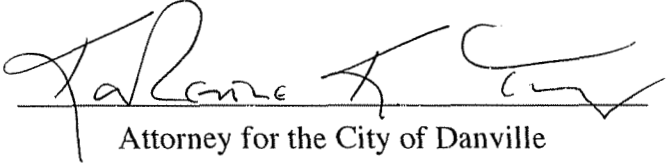
Ronald Russell, Chairman  
Parksville Water District  
10711 Lebanon Rd.  
P. O. Box 9  
Parksville, KY 40464

Danny Noel, President  
Lake Village Water Association, Inc.  
801 Pleasant Hill Dr.  
P. O. Box 303  
Burgin, KY 40310

Mike Sanford, Manager  
Lake Village Water Association, Inc.  
801 Pleasant Hill Dr.  
P. O. Box 303  
Burgin, KY 40310

Lake Village Water Association, Inc.  
c/o TAYLOR & STEVENS  
326 W. Main. St.  
P. O. Box 901  
Danville, KY 40423-0901

Harold C. Ward  
Garrard County Water Association, Inc.  
315 Lexington Rd.  
P. O. Box 670  
Lancaster, KY 40444-0670



Talene A. [unclear]  
Attorney for the City of Danville