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#### COMMONWEALTH OF KENTUCKY BEFORE THE PUBLIC SERVICE COMMISSION

APR 1 9 2010

PUBLIC SERVICE

COMMISSION

IN THE MATTER OF:	)	
ALTERNATIVE RATE FILING APPLICATION	)	
FORMIDDLETOWN WASTE DISPOSAL, INC.	)	Case No. 2009-227

#### **MOTION TO APPROVE SETTLEMENT**

Middletown Waste Disposal, Inc. ("MWD"), by counsel, moves the Commission for an Order approving the unanimous settlement agreement the parties have reached in this case. The fully executed Settlement Agreement, Stipulation and Recommendation was filed with the Commission on April 19, 2010. MWD provides the attached direct testimony in support of this motion and the unanimous settlement.

Respectfully submitted?

Richard A. Greenberg

Smith Greenberg and Leightty, PLLC

2321 Lime Kiln Lane

Louisville, KY 40222

502.426.1058

rgreenberg@sglfirm.com

Attorney for Middletown Waste Disposal, Inc.

#### **CERTIFICATE OF SERVICE**

IT IS HEREBY CERTIFIED that a true copy of the Motion to Approve Settlement and its accompanying testimony has been sent via electronic mail this 19<sup>th</sup> day of April 2010 to:

David Spenard, Esq.
Office of Kentucky Attorney General david.spenard@ag.ky.gov

and

J.R. Goff, Esq. Kentucky Public Service Commission JamesR.Goff@ky.gov

Richard A. Greenberg

Smith, Greenberg & Leightty, PLLC

2321 Lime Kiln Lane, Suite C

Louisville, KY 40222

(502) 426-1058

(502) 426-6337-Facsimile

Attorney for Middletown Waste Disposal, Inc.

## COMMONWEALTH OF KENTUCKY BEFORE THE PUBLIC SERVICE COMMISSION

ALTERN	MATTER OF: ATIVE RATE FILING APPLICATION	)	
FORMID	DLETOWN WASTE DISPOSAL, INC.	)	Case No. 2009-227
	DIRECT TESTIMONY OF JACK KA	NINBI	ERG
	April 19, 2010		

#### 1. Q: MR. KANINBERG, PLEASE STATE YOUR NAME, TITLE AND BUSINESS ADDRESS.

A: My name is Jack Kaninberg. I am the owner of Kentucky Small Utility Consulting, LLC. My business address is 8105 Parkshire CT, Louisville, KY 40220.

#### 2. Q: WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A: I am a consultant who has provided assistance to Middletown Waste Disposal, Inc. ("MWD"). I have, without limitation, reviewed MWD records and information, spoken to various people, and provided MWD assistance in its preparation and processing of MWD's Alternative Rate Filing application, and attended all informal conferences. My testimony is filed in support of the Settlement Agreement, Stipulation and Recommendation ("Agreement") filed with the Kentucky Public Service Commission ("Commission") on April 19, 2010 in this proceeding. My testimony will explain how the Agreement is fair, just and reasonable.

## 3. Q: PLEASE EXPLAIN HOW THE TOTAL AMOUNT OF THE INCREASE IN REVENUES FOR MWD AS PROPOSED IN THE AGREEMENT CAN BE CONSIDERED FAIR, JUST AND REASONABLE.

A: The initial proposal by MWD in this proceeding, which was subsequently revised, represents a fair, just and reasonable outcome. Since this proceeding commenced, substantial data has been exchanged and the parties have engaged in extensive negotiations in an attempt to arrive at an alternative outcome that is fair, just and reasonable to MWD's customers and its shareholders and an outcome that the Commission would, and should, approve. The compromise of revenues and rates that has resulted from these negotiations reflects the present best judgment of the parties as to what is fair, just and reasonable for MWD's customers and shareholders. These rates will produce sufficient revenue for MWD to operate and provide the high level of service its customers expect and deserve. MWD's position remains that the entire revised increase it has sought in this proceeding is appropriate to maintain its earnings at a level that allows MWD an opportunity to earn a fair, just and reasonable return on its investment. Nonetheless, the nature of the ratemaking process is such that the Agreement produces a fair, just and reasonable outcome as a result of the compromise reached by the parties.

#### 4. Q: WHY WOULD THE PARTIES BE WILLING TO REACH A COMPROMISE?

A: Each of the parties to the Agreement has vigorously pursued its respective positions in testimony, exhibits and responses to data requests. However, despite the sincerity of these individual positions, the parties recognize that the final outcome in this proceeding would likely result in a decision with which no party would be totally satisfied. The parties further recognize that the very nature of litigation entails both risk and cost. By reaching this compromise, each party has determined that the proposed Agreement is preferable to other, less favorable outcomes and avoids the costs that would result from litigation. Through negotiation, each party was able to prioritize its goals in this proceeding and ensure that those priorities are reflected in the Agreement.

#### 5. Q: HOW DOES A COMPROMISE PRODUCE A FAIR, JUST AND REASONABLE CHANGE IN REVENUES?

A: Each of the parties to this proceeding represents a unique constituency. By pursuing the positions of the respective constituencies in negotiations, each party has ensured that the priorities of its constituencies have been met. Each party has freely and voluntarily agreed to the concessions it has made in order to ensure its priorities are reflected in the Agreement, which provides for a fair, just and reasonable change in rates. In other words, the Agreement is a fair, just and reasonable settlement because each constituency has been vigorously represented in the negotiations and, through representation or direct involvement, has freely agreed to the Agreement.

## 6 Q: WHAT EVIDENCE IS THERE FOR THE COMMISSION THAT EACH CONSTITUENCY WAS VIGOROUSLY REPRESENTED IN THE NEGOTIATIONS THAT LED TO THIS SETTLEMENT?

A: The Agreement itself reveals the sincerity of the negotiations on all sides. The record in this proceeding clearly states the positions of the parties. The Commission need only review the positions taken by the parties in this case and compare those positions to the Agreement to determine if each party was vigorously represented in negotiations and made appropriate concessions to ensure its priorities were reflected in the Agreement. Any settlement must be viewed in its entirety rather than evaluated on the basis of any of its individual components. This Agreement was negotiated in the context of its overall result and impact on customers and shareholders instead of on an issue-by-issue basis.

#### 7. Q: PLEASE BRIEFLY DESCRIBE THE TERMS OF THE AGREEMENT AND ITS EXHIBITS.

A: The Agreement offered to the Commission for its consideration and approval permits MWD to adjust its rates to recover an additional \$52,939.00 in annual revenue compared to current rates, beginning May 1, 2010. The increased revenue shall be reflected in increases to customer charges associated with MWD's tariff sheet. The affected tariff sheet is attached to the Agreement (as Exhibit A) in its proposed form. The proposed tariff sheet shows the rates that will be implemented on May 1, 2010, if the Agreement is approved. Exhibit B to the Agreement contains the proof-of-revenue information. The Exhibits to the Agreement are considered a part of the Agreement and have been agreed to by all parties.

## 8. Q: PLEASE DESCRIBE WHY THE TARIFFS THAT HAVE BEEN MODIFIED BY VIRTUE OF THE AGREEMENT ARE FAIR, JUST AND REASONABLE.

A: As a part of the Agreement, the parties have agreed upon the affected tariff sheet that comprises Exhibit A to the Agreement. The tariff sheet ensures the interests of the constituencies represented by each party have been prioritized and protected in the Agreement. The tariffs themselves are the means by which MWD can produce the agreed upon level of revenue — a level that is necessary for MWD to meet its obligations.

#### 9. Q: PLEASE DESCRIBE THE PROOF-OF-REVENUE SHEETS THAT ARE ATTACHED TO THE AGREEMENT AS EXHIBIT B.

A: As a part of the Agreement, all of the parties have agreed upon the proof-of-revenue sheets that are Exhibit B to the Agreement. Those sheets detail the rate design of the \$52,939.00 annual rate adjustment.

### 10. Q: DID MWD PUBLISH PUBLIC NOTICE OF THE HEARING IN THIS CASE, WHICH IS SCHEDULED TO BEGIN ON APRIL 21, 2010?

A: Yes. MWD published the public notice in the Courier-Journal which is the main newspaper in MWD's service area. A copy of the notice that was published in the Courier-Journal on April 14, 2010 is attached as Exhibit "A" to this testimony.

### 11. Q: ARE THERE ANY OTHER MATTERS YOU WISH TO ADDRESS AT THIS TIME?

A: Yes. In closing, please note that all of the parties have expended considerable effort to reach the terms that form the basis of the Agreement. The parties agree that the Agreement is reasonable, produces rates that are fair, and is in the best interests of all concerned. Together, we submit the Agreement for the consideration of the Commission and urge that it be approved in its entirety.

### 12. Q: DOES THIS CONCLUDE YOUR DIRECT TESTIMONY IN SUPPORT OF THE AGREEMENT?

A: Yes.

I, Jack Kaninberg, do hereby affirm that my above testimony is true and accurate to the best of my knowledge and belief.

Jack Kaninberg

STATE OF KENTUCKY )
SS
COUNTY OF JEFFERSON )

Subscribed, sworn to, and acknowled before me by Jack Kaninberg on this  $19^{\text{th}}$  day of April, 2010.

My commission expires: May 22,2013

Alway Mussex

Notary Public, State at Large

# EXHIBIT "A"



DERBY TICIF
(4) Excellent senser starting gate
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KENTUCKY DERBY Around the clock chauffer on Fri. Apr. 30st & Sat. May 1st 502-541-5080

OAKS & DERBY Tickets needed for out of town guests. 4-6, 3rd floor clubhouse or grand stand grand stand. Call 502-553-6545

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days or less.

DOG, beagle, black, brown & white, blue collar no tags found 4/10 on Klondike Ln.
Call 502-491-5007 Don't want it? Sell it! 582-2622

DOG, beagle, female, tri-color, 35-40lbs, found 4/10 in Lyn-don on Blanca Ct Call 394-9845

DOG, black/white. small Poodle mix, found 500 block of Eastern Pkwy., on 4/6. Call to identify 690-3657.

BDC 3657.

DOG FOUND.
Black&Brown Yorkie
young & friendly found
near Churchill Downs
5at 4-10 call 298-1839
to identify

to identify
Dog. found, small,
on 4/7, Beulah
Church Road
area, give
details 239-3711.

Details 239-3711.
DOG, Jack Russell/
Rat Terrier?, pup,
male, found 3/26 in
Lynnview on corner
of Kingfischer & Pldgeon Pass, Call to
identify 964-7399.

DOG, large blackish brown Chow mix, young. Thurs, morning after storm, fairdale. 361-8317; 502-744-1979

DOG. Pomeranian, April 3, Valley Downs Subd., Valley Sta-tion. 632-1721

DOG, pug, female, pink collar, found 4/9 in Lyndon Area Call 502-689-3335

DOG. Toy Poodle, light brown/tan, found 4/8 in Rock-ford Lane/Hillside St. Call Metro Animal Serv. 502-361-1318

Found Dog. female. small, beige/tan. Taylor Blvd/Ashland Ave area. cal 502-459-1085

FOUND DOG, Male Jack Russell Terrier In Jeffersonville Utlaci. Na rear Familie Operating MALLST, MATTHEWS (Market) Perturbit Veter's Fretarit Veter's Fretarit

Found Female Chocolate Lab. Found In Fern Creek area near Watterson Trail & Hurstbourne Lane. No tag, no chip. 664-6897 FOUND PUPPY IN
PARIRE VILLAGEII,
Nec. Fina No Exp.
Rakire Villageii,
Nec. Fina No Exp.
Rec. Fina No Ex

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