

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF THE)
WHOLESALE WATER SERVICE RATES OF) CASE NO. 2015-00039
THE CITY OF AUGUSTA)

**BRACKEN COUNTY WATER DISTRICT’S RESPONSE TO THE CITY
OF AUGUSTA’S MOTION TO AMEND TO INCLUDE RATE CASE EXPENSE**

Pursuant to 807 KAR 5:001, Section 5, Bracken County Water District (“Bracken District”) files this Response to the City of Augusta’s Motion to Amend to Include Rate Case Expense.

Provided that Augusta’s Motion is deemed as the withdrawal of Augusta’s originally filed rate schedule and the submission of a new rate schedule that resets the statutory time period for the issuance of a final decision in this proceeding and requires the modification of existing procedural schedule to provide a meaningful opportunity to review the rates set forth in that revised rate schedule,¹ Bracken District does not object to Augusta’s effort to substitute a new rate schedule for that filed on January 8, 2015.²

Bracken District, however, does object to the rates set forth in the original and revised rate schedules and affirmatively states that those rates are unreasonable and contrary to the Water Purchase Contract that the parties executed in 1993. It requests that, if Augusta’s Motion is

¹ Bracken District incorporates by reference in this Response the arguments set forth in its Motion to Declare The Initial Rate Filing Void, Suspend The Amended Rate Filing, and Modify the Existing Procedural Schedule.

² In its Motion, Augusta suggests that a revised rate schedule is unnecessary. This suggestion is contrary to the PSC’s holding in Case No. 2014-00392, *Proposed Adjustment of the Wholesale Water Service Rates of the City of Danville* (Ky. PSC Aug. 13, 2015). In that proceeding, the PSC denied a municipal utility’s request for recovery of rate case expenses through a separate surcharge because the municipal utility failed to amend its formal request for rates to include the surcharge. The PSC found that the municipal utility’s responses to PSC Staff discovery requests in which it indicated that it would request recovery of rate case expenses were insufficient notice to its wholesale customers and that a formal amendment of the municipal utility’s request and formal notice to the wholesale customers were required. *Id.* at 6.

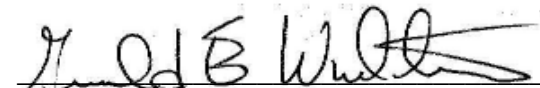
granted, the Public Service Commission (“PSC”) suspend the rates set forth in the rate schedule attached to that motion.

Bracken District further opposes the inclusion of any rate case expense in Augusta’s rate for wholesale water service. Augusta is not entitled to such recovery as it has failed to comply with numerous provisions of the Water Purchase Contract that would have facilitated a negotiated rate or otherwise reduced the expense of a PSC review. Moreover, the failure of this Contract to provide for the payment of attorney fees or other litigation costs in the event of a dispute between the parties strongly suggests that the parties had agreed that the costs for which Augusta seeks recovery were not to be recovered through the contract but that each party was to bear their own costs.

Bracken District reserves the right to present additional argument regarding the proposed recovery of rate case expenses.

Dated: September 2, 2015

Respectfully submitted,

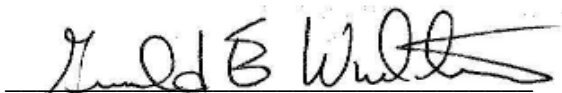


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CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8, I certify that Bracken District's September 2, 2015 electronic filing of this Notice is a true and accurate copy of the same document being filed in paper medium; that the electronic filing has been transmitted to the Commission on September 2, 2015; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that an original paper medium of this Notice will be delivered to the Commission on or before September 4, 2015.

A handwritten signature in black ink, appearing to read "Gerald E. Wuetcher", written over a horizontal line.

Gerald E. Wuetcher