

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF)
MUHLENBERG COUNTY WATER)
DISTRICT #3 REQUESTING) CASE NO. 2018-00159
DEVIATION FROM REQUIREMENTS)
OF 807 KAR 5:066, SECTION 4(4))

RESPONSE OF
MUHLENBERG COUNTY WATER DISTRICT #3
TO
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
DATED JUNE 14, 2018

FILED: July 2, 2018

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**RESPONSE OF MUHLENBERG COUNTY WATER DISTRICT #3 TO
COMMISSION STAFF’S FIRST REQUEST FOR INFORMATION**

Comes the Muhlenberg County Water District #3, for its Response to the Commission Staff’s First Request for Information, and states as shown on the following pages.



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District #3*

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CERTIFICATION OF RESPONSE TO
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION

This is to certify that I have supervised the preparation of Muhlenberg County Water District #3's Response to the Commission Staff's First Request for Information. The response submitted on behalf of Muhlenberg County Water District #3 is true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.

Ben Tooley 7/2/18

Ben Tooley, Superintendent
Muhlenberg County Water District #3

MUHLENBERG COUNTY WATER DISTRICT #3

CASE NO. 2018-00159

Response to Commission Staff's First Request for Information

Question No. 1

Responding Witness: Ben Tooley

- Q-1. Refer to page 4, paragraph 13 of Muhlenberg District's Application which states that on August 29, 2017, it filed a post-case letter in Case No. 2016-000421 stating that it had been "unable to obtain a written agreement with Central City as MCWD3 was currently protesting Central City's rate increase in Case No. 2017-00199 and it had been unable to discuss the terms of such an agreement with Central City."
- A. Provide all correspondence between the parties concerning the water storage written agreement since the conclusion of the 2017-00199 case.
 - B. Provide the date, time, location, and list of attendees of any meetings in which discussions between the parties concerning the water storage written agreement, occurred since the conclusion of the 2017-00199 case.
- A-1.
- A. There has been no correspondence between the parties concerning the water storage written agreement since the conclusion of the 2017-00199 case.
 - B. No formal meetings have occurred regarding the water storage written agreement since the conclusion of the 2017-00199 case.

MUHLENBERG COUNTY WATER DISTRICT #3

CASE NO. 2018-00159

Response to Commission Staff's First Request for Information

Question No. 2

Responding Witness: Ben Tooley

- Q-2. Refer to Case No. 2016-00421, and the Commission's Order of May 31, 2017. Muhlenberg District was ordered to file with the Commission an agreement regarding water storage "no later than 90 days from the date of this Order . . . that addresses, at a minimum, the amount of the allocation, duration of the agreement, including any renewal periods, and rights and obligations of the parties concerning the allocation including during an emergency."
- A-2. Muhlenberg District #3's protest and aggressive defense of Central City's rate case, Case No. 2017-00199, has led to a strained relationship between Central City and Muhlenberg District #3, which still exists today. Therefore, Muhlenberg District #3 has been unable to engage in meaningful negotiations with Central City towards obtaining a written agreement.

MUHLENBERG COUNTY WATER DISTRICT #3

CASE NO. 2018-00159

Response to Commission Staff's First Request for Information

Question No. 3

Responding Witness: Ben Tooley

Q-3. Refer to Case No. 2017-00199 and the Commission's Order dated September 12, 2017, which grants Central City's motion to withdraw its proposed wholesale rate increase.

- A. Confirm that Muhlenberg District has not filed a written agreement regarding water storage with Central City since the withdrawal of its requested wholesale rate increase.
- B. Explain why Muhlenberg District has not complied with the Commission's May 31, 2017 Order requiring the filing of a water storage agreement with Central City.

A-3.

- A. Muhlenberg District #3 confirms that it has not filed a written agreement regarding water storage since the withdrawal of Central City's requested wholesale rate increase. The parties continue to operate under the storage agreement letter dated November 22, 2016 and filed as Exhibit 1 to Muhlenberg District #3's Application in this case.
- B. Following Muhlenberg District #3's protest and aggressive defense of Central City's requested wholesale rate increase, the relationship between Muhlenberg District #3 and Central City has been and continues to be strained. Consequently, Central City has been

unwilling to discuss the subject of a written water storage agreement.

Recently, representatives of Muhlenberg District #3 have spoken with Central City officials regarding the topic of obtaining a written water storage agreement. Central City indicated that it will not consider negotiating a written water storage agreement until the conclusion of its next rate case.

MUHLENBERG COUNTY WATER DISTRICT #3

CASE NO. 2018-00159

Response to Commission Staff's First Request for Information

Question No. 4

Responding Witness: Ben Tooley

Q-4. Refer to page 4, paragraph 14 of Muhlenberg District's Application. Muhlenberg District states that it believes Central City will file another rate case within six months and that it believes Muhlenberg District will be able to file a water storage agreement with the Commission at the conclusion of such a rate case.

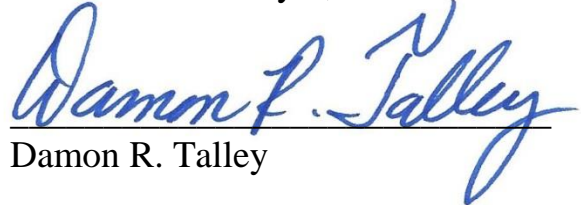
A. Explain what is preventing Muhlenberg District from reaching a water storage agreement with Central City currently, rather than waiting for the possibility that Central City will file a water storage agreement in a rate case in the future.

A-4.

A. See Muhlenberg District #3's Response to Question No. 3(b). Muhlenberg District #3 never intended to suggest that Central City will file a water storage agreement as part of its future rate case. Instead, Muhlenberg District #3 meant that it will not be able to obtain a written water storage agreement until after Central City's next rate case. Once Central City's future rate case is resolved, Muhlenberg District #3 believes it can then engage in meaningful good faith discussions with Central City toward obtaining a water storage agreement.

CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8, I certify that Muhlenberg County Water District #3's July 2, 2018 electronic filing of this Response 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 July 2, 2018; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that one copy in paper medium of this Response will be delivered to the Commission on or before July 5, 2018.


Damon R. Talley