

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY- )  
AMERICAN WATER COMPANY FOR AN ) CASE NO. 2018-00358  
ADJUSTMENT OF RATES )

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**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT'S  
REPLY IN SUPPORT OF ITS MOTION TO STRIKE**

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Pursuant to 807 KAR 5:001, Section 5, Lexington-Fayette Urban County Government (“LFUCG”) respectfully submits the following Reply brief in support of its Motion to Strike.

The Commission has consistently held that “when a utility seeks to recover an expenditure in its rates, the Commission is obligated to review the nature of that expenditure to verify that it is just and reasonable.”<sup>1</sup> Following that policy, the Commission has stated that “any request for recovery of rate case expenses must be supported by unredacted copies of invoices.”<sup>2</sup> After LFUCG made the argument in its post-hearing brief that Kentucky-American Water Company (“KAWC”) failed to provide information related to rate case expense as required by Commission precedent, KAWC responded after the close of testimony by filing additional documents. LFUCG subsequently filed the pending Motion to Strike pursuant to 807 KAR 5:001, Section 11(4).

In its response to the Motion, KAW argues that the proper procedure was not followed. It implies that LFUCG intentionally manipulated the process to gain an advantage. This is simply not true. KAWC has a statutory duty as an applicant to demonstrate that its proposed rates are

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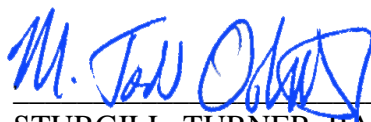
<sup>1</sup> See, e.g., *Louisville Gas & Elec. Co.*, Case No. 2003-00433 at 40 (Ky. PSC June 30, 2004).

<sup>2</sup> *Big Rivers Elec. Coop.*, Case No. 2011-00036 at 6 (Ky. PSC Jan. 29, 2013).

reasonable.<sup>3</sup> LFUCG requested information that the Commission has previously required of an applicant to demonstrate the reasonableness of proposed rates. KAWC's response failed to meet Commission standards. And its response was filed on the day that testimony closed. The parties did not have the opportunity to submit additional evidence after that date. KAWC's suggestion that LFUCG should have contacted KAWC after the close of testimony to advise KAWC that it failed to meet its burden under Commission precedent is as unavailing as a parallel argument that KAWC should have filed its responses prior to the deadline to allow other parties to advise KAWC of its deficiencies.

Ultimately, LFUCG raised a relevant issue—reasonableness of rate case expense. KAWC wanted to file additional documents on that issue after the close of testimony in an attempt to bolster the argument in its brief. Because 807 KAR 5:001, Section 11(4), and prior Commission cases<sup>4</sup> do not allow for the introduction of evidence at this stage, LFUCG's Motion to Strike should be granted.

Respectfully submitted,



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<sup>3</sup> *Kentucky-American Water Co.*, Case No. 2010-00036 at n.122 (Ky. PSC Dec. 14, 2010).

<sup>4</sup> *See* LFUCG Motion to Strike. The discussion of PSC case law need not be repeated here.

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CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8, I certify that the June 24, 2019, electronic filing of this document is a true and accurate copy of the same document being filed in paper medium; that the electronic filing will be transmitted to the Commission on June 24, 2019; 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 the Notice of Filing will be delivered to the Commission within two business days.

  
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Counsel for LFUCG