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PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY

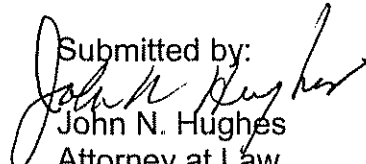
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

Alleged Failure of the City of Danville To Comply) Case No. 2008-00176
with KRS 278.160 and 278.180 And the)
Commission's Order of August 10, 1994 In)
Administrative Case No. 351)

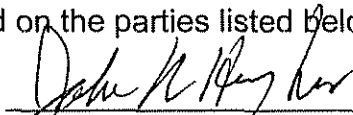
Data Response of Parksville Water District

Parksville Water District, by counsel, pursuant to the Commission's Order of December 19, 2008 submits the following responses to Danville's data requests.

Submitted by:

John N. Hughes
Attorney at Law
124 West Todd St.
Frankfort, KY 40601
502 227 7270
inhughes@fewpb.net
Attorney for Parksville Water
District

Certificate:

I certify that a copy of this pleading was served on the parties listed below by first class mail the 12th day of December, 2008.



John N. Hughes

William L Stevens
Attorney at Law
Taylor & Stevens
326 West Main Street
P.O. Box 901
Danville, KY 40423

Katherine K Yunker
Attorney At Law
Yunker & Associates
P. O. Box 21784
Lexington, KY 40522-1784

Paul Reynolds
Manager
Garrard County Water Association, Inc.
315 Lexington Road
P. O. Box 670
Lancaster, KY 40444

1. As to all wholesale water supply contracts between Danville and you that have been in effect on or after January 1, 1994:
 - a. Provide a copy of each contract and amendment thereto; and
 - b. if not apparent on the face of the contract(s), the effective date of each contract or amendment or the date it was superseded in effect by a subsequent contract.

Witness: Feather, Webb

Response: All contracts are on file with the PSC and should be in the possession of Danville as a party to each of those contracts.

2. Refer to the per-billing-period tabulation that you attached to your Initial Data Request, comparing actual charges and what you contend you should have been charged.
- a. Did you pay the amounts shown as actually charged? Were amounts refunded other than that shown between the rows for Jun-08 and Jul-08? If so, what amounts were refunded and when?
 - b. Are there other amounts actually charged that you contend were in error or not permitted? If so, please identified those other amounts.
 - c. What amount do you contend is the net alleged overcharge? Do you contend that this is the amount that Danville should refund to you?
 - d. As to each item that you contend is not the correct charge, state what you contend was incorrect about that charge (e.g., improper rate, charge miscalculation).
 - e. identify each charge that you contend was improper and describe the respective alleged impropriety (e.g., not permitted under the contract between Danville and you) and provide the basis (including any supporting documents) for your contention(s).
 - f. Provide all data, input files, intermediate results, or other information necessary to replicate the comparison and calculation(s) provided. If the analysis was prepared as a spreadsheet or other electronic file in tabular form, provide the electronic file with any formulas intact; and
 - g. Identify the source of any numerical data used in the analysis you provide.

Witness: Feather, Webb

Response: a) Yes;

- b) The attached schedule, corrected since the Initial Data Response, shows the erroneous billing and the double charge for one meter. Parksville has been unable to determine if other charges were erroneously applied.
- c) See attached schedule
- d) See attached schedule
- e) See attached schedule
- f) See attached schedule
- g) All data came from bills submitted to Parksville by Danville

Purchased Water Cost Comparison
August 2005 through November 2008

Calculated on Current Rates

Actual Charged Amount

Month	Calculated on Current Rates					Actual Charged Amount					Difference
	Cubic Feet	Water Amount	20% Surcharge	Kentucky River Authority	Total	Water Amount	20% Surcharge	Kentucky River Authority	Total		
Aug-05	1,099,440	10,800.90	2,160.18	234.18	13,195.26	11,153.20	2,230.49	234.18	13,617.87	422.61	
Sep-05	1,099,440	10,800.90	2,160.18	234.18	13,195.26	11,153.20	2,230.49	234.18	13,617.87	422.61	
Oct-05	1,099,440	10,800.90	2,160.18	234.18	13,195.26	11,153.20	2,230.49	234.18	13,617.87	422.61	
Nov-05	317,580	3,594.77	718.95	67.64	4,381.36	3,711.93	742.40	67.64	4,521.97	140.61	
Dec-05	1,259,600	12,258.36	2,451.67	268.29	14,978.32	12,658.22	2,531.43	268.29	15,457.94	479.62	
Jan-06	1,349,900	13,080.09	2,616.02	287.53	15,983.64	13,506.77	2,701.10	287.53	16,495.40	511.76	
Feb-06	1,147,700	11,240.07	2,248.01	244.46	13,732.54	11,606.70	2,321.17	244.46	14,172.33	439.79	
Mar-06	806,100	8,131.51	1,626.30	171.70	9,929.51	8,396.68	1,679.30	171.70	10,247.68	318.17	
Apr-06	1,256,300	12,228.33	2,445.67	267.59	14,941.59	12,627.21	2,525.23	267.59	15,420.03	478.44	
May-06	896,400	8,953.24	1,790.65	19.72	10,763.61	9,245.23	1,848.98	19.72	11,113.93	350.32	
Jun-06											
Jul-06											
Aug-06	3,117,740	29,167.43	5,833.49	514.43	35,515.35	31,138.60	6,227.67	514.43	37,880.70	2,365.35	
Sep-06	1,172,640	11,467.02	2,293.40	193.49	13,953.91	12,241.96	2,448.34	193.49	14,883.79	929.88	
Oct-06	1,190,950	11,633.65	2,326.73	196.51	14,156.89	12,419.84	2,483.92	196.51	15,100.27	943.38	
Nov-06	1,269,400	12,347.54	2,469.51	209.45	15,026.50	13,181.98	2,636.34	209.45	16,027.77	1,001.27	
Dec-06	1,330,970	12,907.83	2,581.57	219.61	15,709.01	14,082.02	2,816.34	219.61	17,117.97	1,408.96	
Jan-07	1,289,770	12,532.91	2,506.58	212.81	15,252.30	13,671.89	2,734.31	212.81	16,619.01	1,366.71	
Feb-07	1,425,160	13,764.96	2,752.99	235.15	16,753.10	15,000.31	2,999.99	235.15	18,235.45	1,482.35	
Mar-07	1,327,480	12,876.07	2,575.21	219.03	15,670.31	14,044.40	2,808.82	219.03	17,072.25	1,401.94	
Apr-07	1,095,100	10,761.41	2,152.28	180.69	13,094.38	11,752.16	2,350.37	180.69	14,283.22	1,188.84	
May-07	1,360,110	13,173.00	2,634.60	224.42	16,032.02	14,382.21	2,876.38	224.42	17,483.01	1,450.99	
Jun-07	1,442,960	13,926.94	2,785.39	238.09	16,950.42	15,164.31	3,032.80	238.09	18,435.20	1,484.78	
Jul-07	1,273,430	12,384.21	2,476.84	210.12	15,071.17	13,860.59	2,771.90	210.12	16,842.61	1,771.44	
Aug-07	1,173,330	11,473.30	2,294.66	193.60	13,961.56	12,862.52	2,572.30	193.60	15,628.42	1,666.86	
Sep-07	1,584,870	15,218.32	3,043.66	261.50	18,523.48	17,000.73	3,399.87	261.50	20,662.10	2,138.62	
Oct-07	1,278,950	12,434.45	2,486.89	211.03	15,132.37	13,915.22	2,782.82	211.03	16,909.07	1,776.70	
Nov-07	1,169,310	11,436.72	2,287.34	192.94	13,917.00	12,815.60	2,562.93	192.94	15,571.47	1,654.47	
Dec-07	1,249,290	12,164.54	2,432.91	206.13	14,803.58	13,624.64	2,724.72	206.13	16,555.49	1,751.91	
Jan-08	1,455,450	14,040.60	2,808.12	240.15	17,088.86	15,704.57	3,140.66	240.15	19,085.38	1,996.52	
Feb-08	1,456,740	14,052.33	2,810.47	240.36	17,103.16	15,715.45	3,142.83	240.36	19,098.64	1,995.48	
Mar-08	933,190	9,288.03	1,857.61	153.98	11,299.61	10,437.28	2,087.32	153.98	12,678.58	1,378.97	
Apr-08	1,164,190	11,390.13	2,278.03	0	13,668.15	12,760.15	2,551.84	0.00	15,311.99	1,643.84	
May-08	1,312,640	12,741.02	2,548.20	216.59	15,505.82	14,263.93	2,852.56	216.59	17,333.08	1,827.26	
Jun-08	1,353,170	13,109.85	2,621.97	223.27	15,955.09	13,392.64	2,678.53	223.27	16,294.44	339.35	
Refund	05/08 bill								-1,294.93		
Jul-08	1,327,670	12,877.80	2,575.56	219.07	15,672.43	13,161.03	2,632.21	219.07	16,012.31	339.88	
Aug-08	1,473,290	14,202.94	2,840.59	243.09	17,286.62	14,202.94	2,840.59	243.09	17,286.62	0.00	
Sep-08	1,362,240	13,192.38	2,638.48	224.77	16,055.63	13,192.38	2,638.48	224.77	16,055.63	0.00	
Oct-08	1,279,560	12,440.00	2,488.00	211.13	15,139.13	12,440.00	2,488.00	211.13	15,139.13	0.00	
Nov-08	1,317,580	12,785.98	2,557.20	217.40	15,560.58	12,785.98	2,557.20	217.40	15,560.58	0.00	
					574,154.78				612,152.14	37,997.36	
									Difference	37,997.36	

3. Does Parksville contend that it is not bound by a provision in its contract with Danville that rates charged other wholesale or industrial consumers of Danville are modified, the rates to Parksville are automatically modified to conform to such rates to other consumers? If so, provide the basis (including *any* supporting documents) for that contention.

Witness: Feather, Webb

Response: Parksville believes that its rates can be adjusted according to the terms of the contract and applicable PSC regulations.

4. Danville's information is that it calculated increases for purchasing-power adjustments to the OCWA, Lake Village, and Parksville rates on or around:

September 16, 2005

September 6, 2006

August 17, 2007

and applied those adjusted rates to the billing invoice next sent out, (See Case No. 200700d05, Danville 5/2/06 Response to Req. 2, 11(b)&(c)). Do you contend that were other such changes or that these changes occurred at a different time? If so, identify such other changes or when such changes occurred in your bills from Danville.

Witness: Feather, Webb

Response: A double charge for a meter fee was also added to Parksville's bills. See attached schedule for dates and amounts

5. Do you contend that any modification to your rates on or after July 1, 1998, exceeds an adjustment for the purchasing power of the dollar in accordance with KRS 83A.075 and as computed by the Finance and Administration Cabinet (now the Governor's Office for Local Development) — whether for the respective year or cumulatively since July 1, 1998? If so, provide the basis (including all workpapers, calculations, and data for that contention).

Witness: Feather, Webb

Response: Parksville has not attempted to calculate the rate adjustment based on a presumed cost of living adjustment. Such adjustments are not allowed by the PSC and are not included in the contract.

6. Did you receive notice as to any of the rate modifications? If so, describe the notice (or provide a copy thereof) and state when it was received.

Witness: Feather, Webb

Response: No, however, in researching the issue, Parksville located a letter dated September 29, 1997, which notified it of a proposed rate adjustment and included the notice filed with the PSC. The increase was not implemented by Danville. Copy attached.

City of

DANVILLE

KENTUCKY

P.O. Box 670
Danville, KY 40423
(606) 238-1200

September 29, 1997

Parksville Water Association
P.O. Box 9
Parksville, KY 40464
Attn: Jerry Feathers

Re: Rate Change

Dear Sir:

Please find enclosed a copy of the Ad which will run on October 1, 8, 15 for the proposed rate change.

The rate change request is being sent to the Public Service Commission. Please feel free to call if you have any questions.

Sincerely,



Luther Galloway,
CITY ENGINEER

ehc

"The City of Firsts"

First Courthouse in Kentucky — 1785
First U.S. Post Office in the West — 1792
First Successful Ovariectomy in the World — 1809

First Capitol of Kentucky District — 1785
First Political Club in the West — 1786
First Constitutional Convention in the West — 1792

First College in the West — 1783
First Law School in the West — 1799
First State Supported School for Deaf — 1823

NOTICE

The City of Danville has filed a proposed rate schedule which will increase by 6.5 percent the rate(s) which it currently charges to Parksville Water Association for water service. The City of Danville currently charges Parksville Water Association as follows: For the first 20,000 cubic feet of water consumed, a rate of \$1.68 per 100 cubic feet; for the next 80,000 cubic feet of water consumed, a rate of \$1.35 per 100 cubic feet; for the next 100,000 cubic feet of water consumed, a rate of \$1.05 per 100 cubic feet; for the next 300,000 cubic feet of water consumed, a rate of \$0.96 per 100 cubic feet; any amount over 500,000 cubic feet of water consumed, a rate of \$0.91 per 100 cubic feet for water service. The City of Danville proposes to charge Parksville Water Association as follows: For the first 20,000 cubic feet of water consumed, a rate of \$1.68 per 100 cubic feet; for the next 80,000 cubic feet of water consumed, a rate of \$1.44 per 100 cubic feet; for the next 100,000 cubic feet of water consumed, a rate of \$1.20 per 100 cubic feet; for the next 300,000 cubic feet of water consumed, a rate of \$1.06 per 100 cubic feet; any amount over 500,000 cubic feet of water consumed, a rate of \$0.86 per 100 cubic feet for water service effective November 15, 1997. An additional twenty (20) percent surcharge will be added to the total bill.

The rates contained in this notice are the rates proposed by the City of Danville. The Public Service Commission, however, may order rates to be charged that differ from the proposed rates contained in this notice.

Any corporation, association, or person with a substantial interest in the matter may, by written request, within thirty (30) days after publication or mailing of this notice of the proposed rate changes request to intervene. Intervention may be granted beyond the thirty (30) day period for good cause shown.

Any person who has been granted intervention by the Public Service Commission may obtain copies of rate application and any other filings made by the City of Danville by contacting Luther Galloway, City Engineer, at City Hall, Danville, 238-1200, Ext. 120.

An person may examine the City of Danville's rate application and any other filings at its main office at 445 West Main Street, Danville, or at the Public Service Commission's Offices at 730 Schenkel Lane, Frankfort, Kentucky.

7. State whether you received actual notice in 1997 of the contents or subject of Danville Ordinance No. 1536.

- a. If so, describe how, when, and what notice was received.
- b. If not, but you received actual notice of Ordinance No. 1536 after 1997, describe how, when, and what notice was received.

Witness: Feather, Webb

Response: No

a) Jerry Feather requested a copy of the ordinance from the Mayor's office as part of the investigation into the billing issues with Danville.

b) See a. It was obtained in mid-2007.

8. Provide a copy of any notice or submission to the Commission made by Parksville relating to a wholesale water supply contract with Danville.

Witness: Feather, Webb

Response: See attached.

Steve L. Beshear
Governor

Leonard K. Peters
Secretary
Energy and Environment Cabinet



David L. Armstrong
Chairman

James Gardner
Vice-Chairman

John W. Clay
Commissioner

Commonwealth of Kentucky
Public Service Commission

211 Sower Blvd.
P O Box 615
Frankfort Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

November 21, 2008

John Hughes
124 West Todd Street
Frankfort, KY 40601

RE: Filing No. **TFS2008-00677**
Multiple contracts with city of Danville.

Dear John Hughes:

The above referenced filing has been received. Use the following link to access documents related to this filing.

<http://psc.ky.gov/trf/TRFListFilings.aspx?ID=TFS2008-00677>

Sincerely,

A handwritten signature in cursive script that reads "Dennis Brent Kirtley".

Dennis Brent Kirtley
Tariff Review Branch Manager

JOHN N. HUGHES
ATTORNEY AT LAW
PROFESSIONAL SERVICE CORPORATION
124 WEST TODD STREET
FRANKFORT, KENTUCKY 40601

TELEPHONE: (502) 227-7270

INHUGHES@fewpb.net

TELEFAX (502) 875-7059

September 8, 2008

Stephanie Stumbo
Executive Director
Public Service Commission
211 Sower Blvd.
Frankfort, KY 40601

RECEIVED

SEP 08 2008

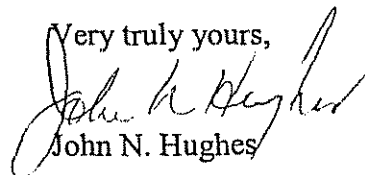
PUBLIC SERVICE
COMMISSION

Re: Special Contracts

Dear Ms. Stumbo:

Attached are copies of executed wholesale contracts for water service from Danville to Parksville Water District dated October 7, 1994, Addendum dated October 7, 1994 and Addendum dated January 202. It was discovered recently that these agreements were either not on file or that the copies on file had not been signed.

If there are questions about this matter, please contact me.

Very truly yours,

John N. Hughes

Attorney for Parksville Water District

Attachments

9. What (if anything) is it that you expected Danville to do that it did not do? How did any difference between expectation and what actually occurred affect you? How could that effect be avoided or ameliorated in the future?

Witness: Feather, Webb

Response: Parksville expected Danville to comply with the contract terms and applicable PSC regulations for adjusting wholesale rates. Lack of notice prevented Parksville from exercising its rights related to any adjustment of rates. It can be ameliorated in the future by complying with contract terms and PSC regulations.

—

10. Do you have (or since January 1, 2000, have you had) contracts by which you obtain goods or services (including treated or untreated water) that provide for (a) purchasing power or other automatic adjustments or (h) routine, periodic adjustments to prices or rates? If so, please provide a copy of the current (or most recently effective) version of each such contract.

Witness: Feather, Webb

Response: No.