

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PROPOSED ADJUSTMENT OF)
THE WHOLESALE WATER SERVICE RATES OF) CASE NO. 2017-00133
MADISONVILLE WATER DISTRIBUTION)

ORDER

On February 6, 2017, the city of Madisonville (“Madisonville”) filed with the Commission a revised tariff sheet setting forth proposed adjustments to its existing rates for wholesale water service to Nebo Water District (“Nebo”), North Hopkins Water District (“North Hopkins”), and South Hopkins Water District (“South Hopkins”) effective on March 31, 2017. On March 6, 2017, Nebo and North Hopkins, both through counsel, submitted a request for the Commission to “initiate a formal proceeding to investigate the reasonableness of the proposed rate, establish a procedural schedule that allows for discovery, and issue all orders necessary to ensure that the proposed rate is not placed into effect or otherwise assessed before the required hearing.”

On March 30, 2017, the Commission entered an Order that initiated this proceeding and suspended Madisonville’s proposed rates for five months, from March 31, 2017, to August 30, 2017.¹ On May 1, 2017, the Commission entered an Order that, among other things, established a procedural schedule and included a requirement

¹ Order (Mar. 30, 2017) at 3.

for Madisonville to file verified written testimony concerning the proposed rates and provided for one round of discovery.²

On May 31, 2017, prior to filing a request for information, Nebo and North Hopkins filed a Motion to Modify Procedural Schedule (“Motion to Modify”) requesting “at least one additional round of discovery.”³ Nebo and North Hopkins stated, among other things, that Madisonville’s notice “contains little information regarding the expenses incurred during the proposed period that serve as the basis for the rate adjustment.”⁴

On June 7, 2017, Commission Staff’s First Request for Information to City of Madisonville (“Staff’s First Request”) was filed into the record. On June 15, 2017, Madisonville filed Motions requesting an additional 30 days to produce the information requested by Staff’s First Request and, further, clarification concerning how the information is to be produced.⁵

In support of its request for additional time, Madisonville stated that its Finance Director had been unable to participate in preparing a response due to an injury.⁶ Madisonville stated that counsel for Nebo and North Hopkins had no objection to the request for additional time.⁷

² Order (May 1, 2017) at 3.

³ Motion to Modify (filed May 31, 2017) at 4.

⁴ *Id.* at 2.

⁵ Motions (filed June 15, 2017) at 1 and 2.

⁶ *Id.* at 1.

⁷ *Id.*

With regard to its request for clarification, Madisonville stated that the three audit reports requested by Staff are each approximately 120 pages and the general ledger is approximately 350 to 400 pages.⁸ Madisonville stated that all of the aforementioned documents can be furnished to the Commission in an electronic version and also produced in the requisite number of paper copies, six, if so directed.⁹

The Commission is concerned that Nebo and North Hopkins filed a request for an additional round of discovery prior to filing their first request for information. While Nebo and North Hopkins assert a general lack of information,¹⁰ Nebo and North Hopkins fail to acknowledge that each has a relationship with Madisonville established by contract. Each, as a party to a contract with Madisonville, should already possess a solid foundation regarding the terms of its contract and a reasonable understanding of the information necessary to determine a proper calculation of the rates under the contract. The Commission is not persuaded that one round of discovery has been demonstrated as insufficient.

The Commission finds that the request by Nebo and North Hopkins is premature and should be denied. If Nebo and North Hopkins believe that additional discovery is necessary following their review of Madisonville's responses to the first round of discovery, they may submit a second motion for additional discovery. However, any such motion should describe in detail the additional information sought and demonstrate why it is directly relevant to the issues in this proceeding.

⁸ *Id.* at 2.

⁹ *Id.* at 2.

¹⁰ *Id.* at 3.

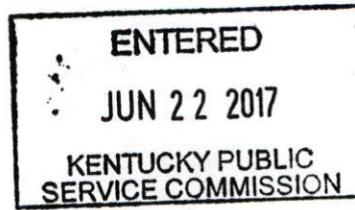
The Commission finds that Madisonville has demonstrated good cause in support of its request for additional time for responding to Staff's First Request. We do, nonetheless, have a concern with granting an additional 30 days in light of the statutory deadline established by KRS 278.190(3) for deciding this matter. We find that Madisonville should be granted an additional three weeks in which to file its responses. The Commission finds that it should modify the remaining dates in the procedural schedule.

With regard to Madisonville's request for clarification, we find that Madisonville should be permitted to file the original with three copies in paper medium and an electronic version of the audit reports for 2014, 2015, and 2016. We find that Madisonville should be permitted to file the original and three copies in paper medium and an electronic version of the general ledger for Madisonville's water operations.

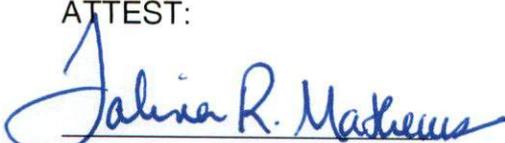
IT IS THEREFORE ORDERED that:

1. Nebo's and North Hopkins's motion for modification of the procedural schedule is denied without prejudice.
2. Madisonville's request for additional time in which to file its responses is granted in part, and its responses shall be filed no later than July 14, 2017.
3. In its response to Staff's First Request, Madisonville shall file the original with three copies in paper medium and an electronic version of the audit reports for 2014, 2015, and 2016, and the original and three copies in paper medium and an electronic version of the general ledger for Madisonville's water operations.
4. The procedural schedule set forth in the Appendix to this Order shall be followed.

By the Commission



ATTEST:


Executive Director

Case No. 2017-00133

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2017-00133 DATED **JUN 22 2017**

- Madisonville's responses to requests for information shall be filed no later than..... 07/14/17
- Intervenors may file written testimony no later than.....07/28/17
- Requests for information to Intervenors shall be filed no later than..... 08/11/17
- Intervenors' responses to requests for information shall be filed no later than..... 08/25/17
- Any request for a formal hearing shall be filed no later than..... 09/01/17

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