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March 4, 2019

RECEIVED

MAR 04 2019

PUBLIC SERVICE  
COMMISSION

Gwen Pinson  
Executive Director  
Public Service Commission  
211 Sower Blvd.  
Frankfort, KY 40601

Re: TFS 2019-00098: Proposed Wholesale Water  
Rate of the City of Pikeville, KY

Dear Ms. Pinson:

On February 21, 2019, the City of Pikeville filed a proposed tariff with the Public Service Commission with an adjustment of its rate for wholesale water service to Mountain Water District to \$2.30 per 1,000 gallons. The proposed adjustment is to become effective on April 5, 2019.

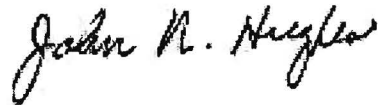
Based upon the information contained in Pikeville's tariff and supporting documents, Mountain Water District is unable to determine if the allocated expenses are properly verified and functionalized and if the proposed adjustment is reasonable and consistent with the terms of service contained in the contract for water service among the parties. Mountain Water District and Pikeville have engaged in negotiations to resolve the issues related to the proposed rate increase as required by the contract for wholesale water purchases but have been unable to reach an agreement as to the amount, if any, of an increase to the wholesale water rate.

Pursuant to KRS 278.200 and the Kentucky Supreme Court's holding in *Simpson County Water District v. City of Franklin*, 872 S.W.2d 460 (Ky. 1994), a rate contained in a contract among a city and a regulated utility may not be changed until the Commission reviews the proposed rate for reasonableness and provides an opportunity for a hearing on the proposed change.

Mountain Water District protests the requested wholesale rate increase and requests that the Commission initiate a formal proceeding to investigate the reasonableness of the proposed rate, establish a procedural schedule that allows for discovery and issue any orders necessary to ensure that the proposed rate is not placed into effect or otherwise assessed before the matter is investigated and a hearing held.

A copy of this letter has been delivered to representatives of the City of Pikeville.

SUBMITTED BY:



John N. Hughes

and

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