

**HENRY WATSON III**  
ATTORNEY AT LAW  
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September 21, 2007

RECEIVED  
SEP 24 2007  
PUBLIC SERVICE  
COMMISSION

Public Service Commission  
ATTN: Ms. Beth O'Donnell, Executive Director  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, Kentucky 40601

Re: Case No. 2007-00257

Dear Ms. O'Donnell:

Enclosed is an original Motion and ten (10) copies for filing in the above referenced case. I have also enclosed an extra copy for you to stamp file and return to this office in the self addressed stamped envelope.

Thank you for your cooperation in this matter. Please do not hesitate to contact me should you have any questions, and thank you for your kind and prompt attention.

Sincerely,

  
Henry Watson III

HW/sma

Enclosures

cc: City of Falmouth

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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SEP 24 2007  
PUBLIC SERVICE  
COMMISSION

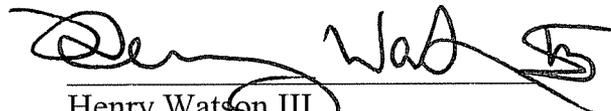
In the Matter of:

PROPOSED ADJUSTMENT OF THE )  
WHOLESALE WATER SERVICE ) CASE NO. 2007-00257  
RATES OF THE CITY OF FALMOUTH)

**MOTION**

Comes now the City of Falmouth, by counsel, and Moves the Kentucky Public Service Commission to acknowledge, recognize, and accept the Memorandum of Settlement by and between the City of Falmouth Water Utility, East Pendleton County Water District and Pendleton County Water District, parties hereto, which Memorandum, and a certified copy of City of Falmouth Resolution 2007-9-20-01, are attached hereto and incorporated herein by reference, respectively; further, Moves the Commission to hold this case in Abeyance until such time as the KPSC can consider the agreed upon previously Ordered tariff of \$1.98 per 1,000 gallons to each water district, as agreed above; and finally, based on the foregoing, Moves for an Order reflecting Dismissed as Settled of this case.

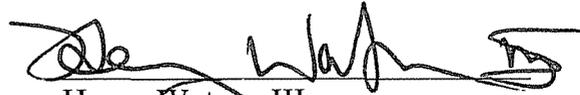
Respectfully submitted,



Henry Watson III  
525 High Street, Suite 328  
Paris, Kentucky 40361  
Telephone: 859-987-6525  
Fax: 859-987-6529  
Counsel for the City of Falmouth

## CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Motion was served upon the Commonwealth of Kentucky Public Service Commission by facsimile message at 502-564-3460, attention J.R. Goff, Esq., and by first class mail at 211 Sower Building, P.O. Box 615, Frankfort, Kentucky 40602-0615; upon Pendleton County Water District, by mailing a copy to William T. Jones, Manager, at P.O. Box 232, Falmouth, Kentucky 41040; and upon East Pendleton County Water District, by mailing a copy to Wayne Lonaker, Manager, at 600 Woodson Road, P.O. Box 29, Falmouth, Kentucky 41040, this the 21<sup>st</sup> day of September, 2007.



Henry Watson III

**MEMORANDUM OF SETTLEMENT  
CITY OF FALMOUTH WATER UTILITY  
and  
EAST PENDLETON COUNTY WATER DISTRICT  
and  
PENDLETON COUNTY WATER DISTRICT**

This Memorandum of Settlement made this 19<sup>th</sup> day of September 2007, by and between **CITY OF FALMOUTH WATER UTILITY** (hereinafter referred to as "City"), and **EAST PENDLETON COUNTY WATER DISTRICT** (hereinafter referred to as "EPCWD"), and **PENDLETON COUNTY WATER DISTRICT** (hereinafter referred to as "PDWD"), all of Pendleton County, Kentucky,

**WITNESSETH:**

**WHEREAS**, the City, EPCWD, and PCWD are parties to a proceeding (Case No. 2007-00257) before the Kentucky Public Service Commission (hereinafter "PSC"); and

**WHEREAS**, the parties desire to settle the case pending before the PSC and to enter into an agreed tariff for the wholesale sale of potable water to EPCWD and PCWD by the City; and

**WHEREAS**, there are no other cases between the parties pending before the PSC.

**NOW THEREFORE**, the parties agree to as follows:

1. City rate to EPCWD: \$1.98 per 1000 gallons, per Order of Commonwealth of Kentucky Public Service Commission entered June 27, 2007.

Any new rate will be in accord with the results of a cost of service study, subject to full examination by the PSC. This is the current rate being charged for water service. City agrees not to take any steps to increase this rate before January 1, 2009.

2. City rate to PCWD: \$1.98 per 1,000 gallons, per Order of Commonwealth of Kentucky Public Service Commission entered June 27, 2007. Any new rate will be in accord with the results of a cost of service study, subject to full examination by the PSC. This is the current rate being charged for water service. City agrees not to take any steps to increase this rate before January 1, 2009.

3. Upon execution of this agreement, City will file a Motion with the PSC requesting that the present case be held in abeyance pending approval of the agreed rates as reflected herein. Upon final KPSC approval of the agreed rates to both parties, City will move that the current case be dismissed as settled.

In testimony whereof, the parties hereto have executed this Agreement as of the day herein first above written.

**Attest:**

Terry England  
By: Terry England, City Clerk

**City of Falmouth**

April K. DeFalco  
By: April K. DeFalco, Mayor

**Attest:**

Ramona Williams  
By:

**East Pendleton County Water District**

Wayne Lonaker  
By: Wayne Lonaker, District Manager

**Attest:**

Ramona Williams  
By:

**Pendleton County Water District**

William Jones  
By: William Jones, District Manager

**CITY OF FALMOUTH**  
**RESOLUTION 2007-~~9-20-07~~**  
**(9-20-01)**

A RESOLUTION AUTHORIZING AND DIRECTING THE MAYOR, ON BEHALF OF THE CITY OF FALMOUTH, TO EXECUTE A SETTLEMENT AGREEMENT, AND RATIFYING EXECUTION THEREOF, WITH EAST PENDLETON COUNTY WATER DISTRICT, AND PENDLETON COUNTY WATER DISTRICT, IN PUBLIC SERVICE COMMISSION CASE 2007-00257, AND IN CONSIDERATION THEREFORE, EXPRESSING THE INTENT OF THE CITY OF FALMOUTH TO TAKE NO STEPS TO INCREASE ITS WATER RATE TO THE DISTRICTS PRIOR TO JANUARY 1, 2009.

**WHEREAS**, the City of Falmouth and East Pendleton County Water District and Pendleton County Water District are currently before the Commonwealth of Kentucky Public Service Commission in case number 2007-00257; and

**WHEREAS**, said case is an Appeal from a KPSC Order of June 27, 2007, establishing \$1.98 per 1,000 gallons as the rate to be charged each water district for potable water; and

**WHEREAS**, the parties hereto are in agreement concerning the wholesale rate to be charged each water district, and forbearance from seeking an increase of said rate; and

**WHEREAS**, in furtherance thereof the parties hereto have reduced their agreement to writing; and

**WHEREAS**, it is necessary and proper to authorize the Mayor to execute said Settlement Agreement, and to ratify any execution.

**NOW, THEREFORE,** be it resolved by the City of Falmouth,  
Kentucky:

**Section 1.** That the Mayor, on behalf of the City of Falmouth, be and hereby is authorized and directed to execute a Settlement Agreement by and between East Pendleton Water District and Pendleton County Water District, attached hereto and incorporated herein by reference, and any execution thereof is hereby ratified.

**Section 2.** That the City hereby expresses its intent to take no further steps to increase the agreed upon water rate of \$1.98 per 1,000 gallons to each water district prior to the expiration of the term of the current legislative body, to wit: January 1, 2009. This forbearance is in consideration of the agreement by each water district to the ordered rate, and eventual dismissal of the PSC case 2007-00257.

**Section 3.** That the Clerk, on behalf of the City, be and hereby is authorized and directed to forward a certified copy of this Resolution to East Pendleton County Water District, Pendleton County Water District, and the Commonwealth of Kentucky Public Service Commission, upon enactment and approval.

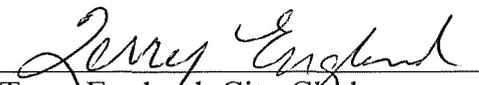
**Section 4.** This Resolution shall take effect upon its passage and approval as required by law.

Enacted Regular Meeting, September 20, 2007

**CITY OF FALMOUTH, KENTUCKY**

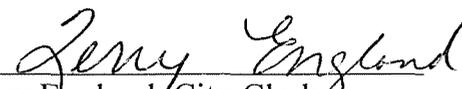
BY:   
April DeFalco, Mayor

**ATTEST:**

  
Terry England, City Clerk

**CLERK'S CERTIFICATION**

I hereby certify that the foregoing Resolution is a true and correct copy of Resolution 9-2007-2007 enacted by the City of Falmouth City Council on September 20, 2007, and that I am custodian of the original resolution on file in City Hall.

  
Terry England, City Clerk