

APPENDIX

AN APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 96-595 DATED AUGUST 11, 1997

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JUN 18 11 17 AM '97 BEFORE THE PUBLIC SERVICE COMMISSION JUN 18 11 17 AM '97

In the Matter of: PUBLIC SERVICE
COMMISSION

PUBLIC SERVICE
COMMISSION

APPLICATION OF THE FRANKFORT ELECTRIC)
AND WATER PLANT BOARD FOR AN ADJUSTMENT) CASE NO. 96-595
OF RATES)

SETTLEMENT AGREEMENT

This Agreement is made and entered into this 12th day of June, 1997 by and between the Staff of the Public Service Commission of Kentucky ("Staff"), the Frankfort Electric and Water Plant Board (FEWPB), Elkhorn Water District, North Shelby Water Company and U.S. 60 Water District.

WITNESSETH

THAT on November 12, 1996, the Frankfort Electric and Water Plant Board filed a tariff with the PSC in which it revised rates to wholesale customers to become effective December 15, 1996. On December 13, 1996 Elkhorn, U.S. 60 and North Shelby were granted intervention and the proposed rates suspended pursuant to KRS 278.190.

THAT in order to resolve the issues before the Commission regarding the proposed wholesale water rate, the FEWPB, Elkhorn, U.S. 60 and North Shelby and Staff have agreed to the following:

NOW, THEREFORE, be it resolved that for the purposes of settling this matter:

1. The FEWPB, Elkhorn Water District, U.S. 60 Water District, North Shelby Water Company agree that all outstanding issues raised in this proceeding shall be resolved by this Agreement.

2. The Elkhorn Water District, North Shelby Water Company and U.S. 60 Water District agree to pay a wholesale water rate of \$1.25 per 1,000 gallons for water sold to them by the FEWPB. This rate is to be effective with bills rendered on and after July 1, 1997.

3. This Agreement is subject to the approval of the Commission.

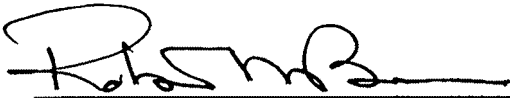
4. If the Commission fails to accept and approve this Agreement in its entirety, this proceeding shall go forward and neither the terms of this Agreement nor any other matters raised during negotiations shall be binding on any signatory.

5. If the Commission accepts and adopts this Agreement in its entirety, neither the FEWPB nor Elkhorn, U.S. 60 or North Shelby shall apply for rehearing or bring action for judicial review.

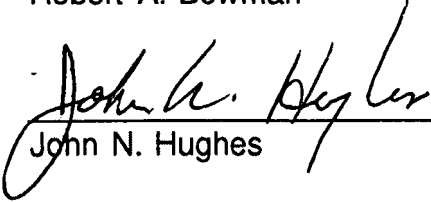
6. This Agreement is submitted for purposes of this case only and is not deemed binding on the signatories hereto in any other proceeding or is it to be offered or relied upon in any other proceeding involving the signatories.

7. The signatories agree that the foregoing Agreement is reasonable, in the best interest of all concerned, and resolves the issues presented in this case to the satisfaction of the Frankfort Electric and Water Plant Board, Elkhorn Water District, U.S. 60 Water District, North Shelby Water Company and urge the Commission to adopt the Agreement in its entirety.

AGREED TO BY:

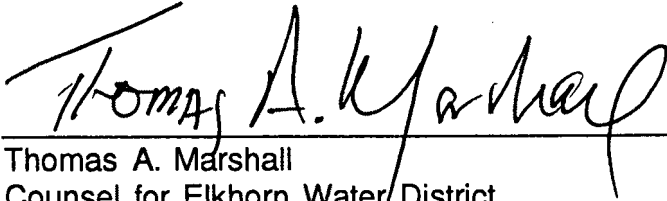


Robert A. Bowman

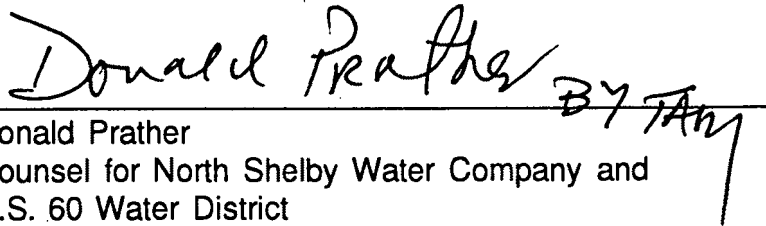
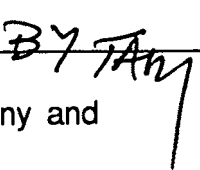


John N. Hughes

Attorneys for the Frankfort Electric and Water
Plant Board



Thomas A. Marshall
Counsel for Elkhorn Water District


BY 

Donald Prather
Counsel for North Shelby Water Company and
U.S. 60 Water District