

**SOUTHERN WATER & SEWER DISTRICT** RECEIVED

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FEB 07 2007  
PUBLIC SERVICE  
COMMISSION

February 2, 2007

Kentucky Public Service Commission  
P.O. Box 615  
211 Sower Boulevard  
Frankfort, Kentucky 40602-0615  
Attn: Ms. Beth A. O'Donnell, Executive Director

**Re: Case No. 2006-00327**

Dear Executive Director O'Donnell

Southern Water and Sewer District is in receipt of the Commission's Order dated January 22, 2007, in the case referenced above, and, as directed in Ordering Paragraph 2, Southern does hereby give notice to the Commission of its acceptance of and agreement to be bound by the conditions delineated in Ordering Paragraph 1.

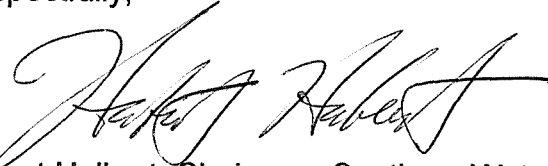
Please note, as regards Condition "b", relating to the 'rate of salaries to be paid to all persons employed by Sandy Valley as of January 1, 2006...to be not less than the pay rate on the date of this Order', documentation from Sandy Valley Water District (or lack thereof) indicates the following:

1. That, due to attrition, two employees of Sandy Valley have matriculated and since late summer 2006 the total number of Sandy Valley employees is five (5) and Southern or the City of Pikeville will offer employment to each of the remaining (5) employees; and,
2. Southern accepts and will pay those rates of pay to each employee as legally authorized by the Sandy Valley board of commissioners, as reflected in minutes of its meeting of May 10, 2004. There is some confusion in this regard, in that Sandy Valley employee salary rates were increased in October of 2006. However, there is no evidence of legal action on the part of the Sandy Valley board of commissioners, as reflected in meeting minutes, authorizing any change in employee salary rates. Actual gross salary amounts for each employee, as legally authorized by the Sandy Valley board of commissioners, is set out below, being the same amounts to be paid by Southern and Pikeville to these employees.

Equal Opportunity Employer

Finally, be advised that as soon as the assumption of debt and related documentation is approved by the respective funding agencies, the transfer is expected to follow quickly and all actions called for in the ordering paragraphs of the Commission's Order will be completed in a timely manner and the Commission will be so informed.

Respectfully,

A handwritten signature in black ink, appearing to read "Hubert Halbert". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

Hubert Halbert, Chairman, Southern Water & Sewer District

Cc: Southern Water & Sewer District Commissioners

Salary Rates for current employees of Sandy Valley to be paid by Pikeville or Southern, as appropriate.

<u>Employee</u>	<u>Gross, by-weekly \$ amount</u>
Boyd, D.	\$ 974.71
Clark, G.	1,294.04
Hall, G.	936.80
Hall, M.	936.80
Layne, P.	1,455.14