

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

CARROLL COUNTY WATER DISTRICT NO.1)
)
COMPLAINANT)
)
VS.)
)
WHITEHORSE DEVELOPMENT CO.)
)
INTERVENING COMPLAINANT)
)
VS.)
)
GALLATIN COUNTY WATER DISTRICT)
)
DEFENDANT)

RECEIVED
AUG 18 2008
PUBLIC SERVICE
COMMISSION

CASE NO. 2007-00202

**CARROLL COUNTY WATER DISTRICT NO. 1'S RENEWED OBJECTION
TO RENEWED MOTION TO SET ASIDE AGREED ORDER
FILED BY DEFENDANT GALLATIN COUNTY WATER DISTRICT**

** ** * * * **

Comes now the Complainant Carroll County Water District No. 1 (hereinafter "CCWD"), and for its Objection to the Renewed Motion of the Defendant Gallatin County Water District (hereinafter "GCWD") to set aside the Public Service Commission's ("Commission") Agreed Order entered August 1, 2007, states as follows:

STATEMENT OF FACTS

GCWD previously filed a Motion to Set Aside the parties' Agreed Order¹ adopted by the Commission on August 1, 2007, and CCWD filed an Objection to same. Said Objection is

¹The Motion was filed with the Commission on or about April 26, 2008.

CRAWFORD & BAXTER, P.S.C.
ATTORNEYS-AT-LAW
CARROLLTON, KY

restated and reiterated as if reprinted in full in this Renewed Objection.² The original Motion of GCWD has not been ruled upon.

Intervenor Whitehorse Development Group, LLC (“Whitehorse”) also sought modification of the Commissioner’s Order of August 1, 2007. The Commission denied Whitehorse’s request by Order entered February 26, 2008. Whitehorse takes no position on GCWD’s renewed Motion.

While awaiting the ruling of this Commission, in May of 2008, the Gallatin County Judge/Executive initiated proceedings to change the territorial boundaries of the CCWD by ‘annexing’ a portion of its territory to become that of GCWD. Despite the objections of CCWD, and the lack of legal authority to proceed, the Gallatin County Judge/Executive entered “Findings of Fact and Order” on July 8, 2008, changing the boundaries of GCWD to include areas within the territorial boundaries of CCWD, and which affects current customers served by CCWD. The CCWD filed an appeal of the Order of the Gallatin County Judge/Executive in the Gallatin Circuit Court, Civil Action 08-CI-00194 on August 5, 2008. A true and correct copy of said appeal is attached hereto as Exhibit 1. Said Appeal is still pending in the Gallatin Circuit Court, and thus, the Order of the Gallatin County Judge/Executive is not final.

ARGUMENT

I.

THE COMMISSION ORDER OF AUGUST 1, 2007, SHOULD NOT BE SET ASIDE

Once again the GCWD offers no case law or statutory authority for the Commission to set aside its Order entered on August 1, 2007. Instead, GCWD contends that the proceedings

²The Objection was filed with the Commission on or about May 5, 2008.

before the Commission are now 'moot' since the Order of the Gallatin County Judge/Executive has allegedly resolved the territorial boundaries and now allows GCWD to serve customers within CCWD's territory. GCWD, however, has admitted that for it to proceed in accordance with the decision of Judge French, would place it in continuing violation of the Commission's Order of August 1, 2007.

However, this Commission has not ruled on the issues raised in this pending proceeding as to whether GCWD has a legal right to enter into the territorial boundaries of CCWD and to serve its customers. The Commission has jurisdiction over the matter as GCWD did not obtain a "Certificate of Convenience and Necessity" ("Certificate") prior to constructing lines within the territorial boundaries of CCWD as established by the joint orders of the Carroll, Gallatin and Owen Fiscal Courts in 1999. This matter was litigated before the Commission, and CCWD seeks a ruling before the Commission on all issues briefed. CCWD does not agree that the Gallatin County Judge/Executive could usurp the authority of the Commission by acting while this proceeding was pending with the Commission. Further, it does not agree that the Gallatin County Judge/Executive had the authority to decide the territorial boundaries of the CCWD, or that the appeal of the Judge's Order will result in a ruling from the Gallatin Circuit Court that will be binding upon the Commission or the CCWD.

Further, the Order of the Gallatin County Judge/Executive is without legal or factual basis, and is contravention of the jurisdiction of the Commission to determine the exclusivity of water districts to serve customers within their territories. There is no statutory authority to allow a county judge executive to 'annex' territory from water district to 'give it' to another water district. The Carroll, Gallatin and/or Owen Fiscal Courts were not made parties to the 'annexation

proceeding', and by Kentucky Revised Statutes, they are the only entities that can determine the boundaries of a water district that operates in one or more counties. Similarly, none of the interested parties, namely customers of CCWD within its territory, were legally notified of the Gallatin County Judge's proposal. Instead, the County Judge/Executive usurped the Commission's proceedings, and sought to impose a remedy that he wanted, as opposed to waiting for the Commission to rule on the pending matter. His actions have created a legal proceeding in the Gallatin Circuit Court in which the Commission is not a party, but which Gallatin Circuit Court ruling may affect the jurisdiction of the Commission to rule on legal issues relating to **all** water districts throughout the Commonwealth of Kentucky, and not just those matters pending of CCWD and GCWD.

Moreover, setting aside the Order of the Commission entered on August 1, 2007, will only 'reward' the GCWD for its illegal conduct, and its contempt of this Commission's Order.³ Indeed, at the hearing held by the Commission, GCWD admitted that it had constructed an eight inch (8") line into the territorial boundaries of the CCWD several years ago, and without a Certificate. Thus, GCWD was already in violation of the Kentucky Revised Statutes and the Commission regulations prior to the Complaint being initiated by CCWD in 2007. The Commission also learned from testimony at its hearing that despite the Commission Order of August 1, 2007, GCWD had allowed its Division of Water permit to be used by the County Judge/Executive's brother to continue construction of the water line to serve a potential commercial customer that was within the CCWD's territorial boundaries. CCWD has requested that the Commission impose sanctions on GCWD as

³There is also pending before the Commission a Motion to Show Cause filed by CCWD against GCWD for its flagrant violation of the Commission's Order of August 1, 2007, by proceeding with construction of the water line within the territorial boundaries of CCWD during the pendency of this proceeding when it had been ordered not to do so.

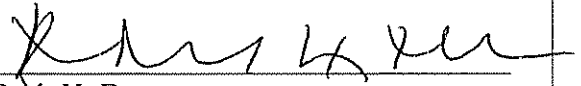
a result of its conduct. To allow the violated Commission Order to be set aside, only excuses the unlawful acts of GCWD, and would set a precedent encouraging other water districts to construct water lines in contravention of Commission regulations.

Further, there is no harm in allowing the Commission's August 1, 2007, Order to stay in full force and effect pending a ruling from the Commission. As stated in the affidavit of James L. Smith, CCWD Manager, a copy of which is attached hereto as Exhibit 2, CCWD constructed a water line, and is now serving all customers within its territorial boundaries, including Love's Truck Stop ("Love's"). Love's is receiving water service for its recently opened business. If the Commission sets aside its Order, then water service to Love's will be disputed, and service disrupted to an existing CCWD customer.

WHEREFORE, the Complainant Carroll County Water District No. 1 objects to the Renewed Motion of Defendant Gallatin County Water District, and requests the Commission to rule on the pending matters before it so that these issues can be resolved by the parties.

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Attorneys for Complainant
Carroll County Water District No. 1

By: 
Ruth H. Baxter

CERTIFICATE OF SERVICE

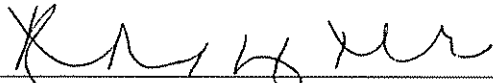
This is to certify that a true and correct copy of the foregoing Objection was mailed postage prepaid, on this the 15th day of August, 2008, to:

Hon. Stephen P. Huddleston
P.O. Box 807
Warsaw, Kentucky 41095
Attorney for Defendant

Hon. Dennis R. Williams
Adams, Stepper, Woltermann & Dusing, P.L.L.C.
40 West Pike Street
P.O. Box 861
Covington, Kentucky 41012-0861
Attorneys for Intervenor

and the original to:

Commonwealth of Kentucky
Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

By: 
Ruth H. Baxter
Attorney for the Complainant
Carroll County Water District No. #1

COMMONWEALTH OF KENTUCKY
UNIFIED COURT OF JUSTICE
GALLATIN CIRCUIT COURT
Civil Action No. 08-CI-00194

CARROLL COUNTY WATER DISTRICT NO. 1
P.O. BOX 350
GHENT, KENTUCKY 41045

PLAINTIFF

VS.

COMPLAINT
ON APPEAL FROM THE ORDER OF THE GALLATIN COUNTY/JUDGE
EXECUTIVE KENNY R. FRENCH

GALLATIN COUNTY JUDGE/EXECUTIVE
KENNY R. FRENCH
P.O. BOX 144
WARSAW, KENTUCKY 41095-0144

DEFENDANTS

SERVE: Certified Mail, Return Receipt

GALLATIN COUNTY WATER DISTRICT
4500 HIGHWAY 455
SPARTA, KENTUCKY 41086

SERVE: Morris Courtney, Manager
4500 Highway 455
Sparta, Kentucky 41086
Certified Mail, Return Receipt

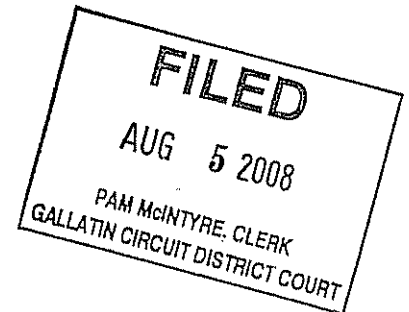
TOMMY CRAWFORD
50 CRAWFORD RIDGE ROAD
SANDERS, KENTUCKY 41083

SERVE: Certified Mail, Return Receipt

JOHN ZALLA
525 ZALLA LANE
WARSAW, KENTUCKY 41095

SERVE: Certified Mail, Return Receipt

LOVE'S TRAVEL STOPS & COUNTRY STORES, INC.
d/b/a LOVE'S TRAVEL STOP #383
976 HIGHWAY 1039
SPARTA, KENTUCKY 41086



CRAWFORD & BAXTER, P.S.C.
ATTORNEYS-AT-LAW
CARROLLTON, KY



SERVE: C.T. Corporation System
Kentucky Home Life Building
Louisville, Kentucky 40202
Registered Agent for Service of Process
Certified Mail. Return Receipt

WHITEHORSE DEVELOPMENT GROUP, LLC
40 WEST PIKE STREET
COVINGTON, KENTUCKY 41012

SERVE: Dennis R. Williams
40 West Pike Street
Covington, Kentucky 41012
Registered Agent for Service of Process
Certified Mail. Return Receipt

** ** * * *

Pursuant to KRS 74.110 and all other applicable law, comes now Plaintiff Carroll County Water District No. 1, by counsel, and for its Appeal from the Order of the Gallatin County Judge/Executive Kenny R. French entered on July 8, 2008, against the Defendants Kenny R. French, Gallatin County Judge/Executive; Gallatin County Water District; Tommy Crawford; John Zalla; Love's Travel Stops & Country Stores, Inc.; and Whitehorse Development Group, LLC; states as follows:

1. Plaintiff Carroll County Water District No. 1 (hereinafter "Carroll") is a public water district created in accordance with KRS 74.010 et seq. (hereinafter "Carroll"), doing business in Carroll, Owen and Gallatin Counties, Kentucky, with its principal place of business at 205 Main Cross Street, Ghent, Carroll County, Kentucky 41045, and a mailing address at Post Office Box 350, Ghent, Kentucky 41045;

2. Defendant Gallatin County Judge/Executive Kenny R. French (hereinafter "Judge French") was at all times complained of herein, the duly elected and acting Gallatin County Judge/Executive for the County of Gallatin County, Kentucky;

3. Defendant Gallatin County Water District (hereinafter "Gallatin") is a public water district created in accordance with KRS 74.010 et seq., doing business in Gallatin County, Kentucky, with its principal place of business at 4500 Highway 455, Sparta, Gallatin County, Kentucky 41086;

4. Defendant Tommy Crawford (hereinafter "Crawford") is a resident of Gallatin County, Kentucky, who owns real estate within the territorial boundaries of Carroll, and is a current water user of Carroll;

5. Defendant John Zalla (hereinafter "Zalla") is a resident of Gallatin County, Kentucky, who owns real estate within the territorial boundaries of Carroll, and has purchased a water meter from Carroll with the intention of being a water user of Carroll in the future;

6. Defendant Love's Travel Stops and Country Stores, Inc. (hereinafter "Love's"), is a foreign corporation registered to do business in the Commonwealth of Kentucky. At all times complained of herein, said Defendant owned a commercial travel stop in Gallatin County, Kentucky, at Exit 55 off of Interstate 71 and Highway 1093, which travel stop is within the territorial boundaries of Carroll and is served by Carroll as a water user. Defendant Love's has appointed C.T. Corporation System, Kentucky Home Life Building, Louisville, Kentucky 40202, as its agent for service of process;

7. Defendant Whitehorse Development Group, LLC (hereinafter Whitehorse), is a Kentucky limited liability company registered to do business in the Commonwealth of Kentucky, with its principal place of business at 40 West Pike Street, Covington, Kentucky 41012. At all times complained of herein, Defendant Whitehorse owns real estate within the territorial boundaries of Carroll, and has granted to Carroll an easement for the installation of its water line to serve Defendant Love's. Defendant Whitehorse is a future water user of Carroll. Defendant Whitehorse

has appointed Dennis R. Williams, 40 West Pike Street, Covington, Kentucky 41012, as its agent for service of process;

8. In accordance with KRS Chapter 74, et seq., and by Orders of the Carroll County, Gallatin County and Owen County Fiscal Courts, respectively, Approving Boundaries of Carroll County Water District No. 1, dated September 8, 1998, Carroll acquired the exclusive right to supply water service to the territory lying and being in Carroll, Gallatin and Owen Counties (referred to herein as its 'territorial boundaries'), and more fully described as follows:

Beginning at the intersection of Kentucky Highway 320 (Lock Road and U.S. Highway 227); thence northwest with the centerline of said U.S. Highway 227 approximately 1200 feet to a point on the Carrollton City Limits line; thence northeast with said limits line approximately 1,750 feet to the centerline of the Carrollton Railroad tracks; thence northwesterly with the centerline of said tracks, approximately 1,500 feet to a point; thence northeast and perpendicular to said tracks approximately 2,000 feet to a point; thence northwesterly and parallel with M & T Road approximately 3,200 feet to a point which is 900 feet west of said M & T Road; thence north approximately 1200 feet to the Carrollton City Limits and the west right of way of M & T Road; thence northwesterly with said R-O-W line approximately 1,750 feet to the centerline of U.S. Highway No. 42; thence continuing northwesterly with an extension of the aforesaid line approximately 725 feet to the low water mark (elevation 420) of the Ohio River; thence northeasterly with said river's low water mark to the Gallatin County line; thence continuing with said River's low water mark northeasterly to a point on the west bank of Craig's Creek; thence southerly with the meanderings of the west bank of said creek to a point 1000 feet south and 1000 feet east of the intersection of Winn Road and Kentucky Highway 1130; thence south and parallel with Kentucky Highway 1130 to a point 1,000 feet east and 2,000 feet south of the intersection of Kentucky Highway 1130 and Kentucky Highway 465; thence southwesterly and parallel with Kentucky Highway 465 approximately 8,500 feet to a point on the Carroll County--Gallatin County Line; thence southeasterly along said county line approximately 8,500 feet to the center of Eagle Creek and the Owen County line; thence southeasterly with the meanderings of Eagle Creek and said county line to a point in Eagle Creek 2,500 feet north and west of the Mid Valley Crude Oil Pipe line; thence southwesterly along a parallel line 2,500 feet north

of said pipeline to a point 1,000 feet north of the intersection of Bucks Run Road and State Road 227; thence south to a point 1,000 feet south of State Road 227; thence southwesterly along State Road 227 to a point 5000 feet Northeast of the intersection of the Southernmost boundary of Twin Eagle Wildlife area and State Road 355; thence south along a line parallel and 5000 feet east of State Road 355 to a point 1,000 feet north of Fairview Ridge Road; thence east to a point 1,000 feet north of the intersection of Morgan's Lane Road and State Road 22; thence southeast with Morgan's Lane and Morgan's Lane extended approximately 3,500 feet to a point 2,500 feet southeast of the intersection of State Road 22 and Morgan's Lane; thence southwesterly to a point 1,000 feet east of the Gratz city limit line on Highway 355; thence west approximately 4,500 feet to the normal pool water level (elevation 428) of the Kentucky River; thence northeasterly with said water level to Carrollton Lock #1 on the Kentucky River; thence north approximately 1,000 feet to a point on the centerline of Kentucky Highway 320; thence northeasterly with said centerline approximately 2,000 feet to the point of beginning

Surveyed by James M. West, P.E., Kentucky Reg. No. 12349 dated June 10, 1998.

A true and correct copy of the aforesaid Orders Approving Boundaries of Carroll County Water District No. 1, is attached hereto and incorporated herein by reference as Exhibit A. The physical boundaries of Carroll are delineated by the plat of Carroll, a true and correct copy of which is attached as Exhibit B;

9. Pursuant to KRS Chapter 74, Plaintiff Carroll and Defendant Gallatin are both subject to the jurisdiction of the Public Service Commission of Kentucky;

10. On or about May 21, 2007, Plaintiff Carroll filed a Complaint before the Public Service Commission of Kentucky (hereinafter "Commission") in Case No. 2007-00202 against Defendant Gallatin as a result of Defendant Gallatin's construction of a water line within the territorial boundaries of Plaintiff Carroll, without Plaintiff Carroll's consent and knowledge, and without a Certificate of Public Convenience and Necessity. Despite the establishment of territorial boundaries, Defendant Gallatin was then constructing water lines and/or water service in an attempt

to provide service to Defendant Whitehorse and/or Love's . A true and correct copy of the Complaint filed with the Commission is attached hereto as Exhibit C;

11. By Order of the Commission issued on August 1, 2007, Defendant Gallatin was prohibited during the pendency of the proceedings before the Commission from: (1) constructing any water lines within the territory of Plaintiff Carroll; (2) allowing a third party to connect to its existing water line within the territory of Plaintiff Carroll; and (3) from furnishing and/or selling water from its existing water line within the territory of Carroll to any customers not served by Gallatin County as of July 18, 2007. A true and correct copy of said Order is attached hereto as Exhibit D;

12. A hearing on the Complaint of Plaintiff Carroll was held before the Commission on November 1, 2008, at which time Plaintiff Carroll, Defendant Gallatin and Defendant Whitehorse appeared and gave testimony regarding the parties' controversy. At the time of the filing of this Appeal, no decision has been issued by the Commission;

13. In April of 2008, and while the matter between Plaintiff Carroll and Defendants Gallatin and Whitehorse was pending before the Commission for a decision, Defendant Judge French allegedly received a request from Defendant Gallatin to change its water district boundaries by annexing areas within Gallatin County which were within the territorial boundaries of Carroll as established by the Orders of the Carroll, Gallatin and Owen Fiscal Courts. A public hearing was scheduled for May 23, 2008, to receive comments. By Order entered July 8, 2008, Defendant Judge French changed the territorial boundaries of Defendant Gallatin to include areas of Gallatin County which were within the territorial boundaries of Carroll. A true and correct copy of said Order is attached hereto as Exhibit E;

14. In accordance with KRS Chapters 74 and 278, Carroll is ready, willing and

able to provide water service to all water users within its territorial boundaries, and has sufficient infrastructure and capacity to supply the needed water service to the Gallatin County residents and customers within its territorial boundaries;

15. Despite the establishment of territorial boundaries and Plaintiff Carroll's exclusive right to serve water users within those boundaries, Defendant Gallatin has attempted and will continue to attempt by the Order of the Defendant Judge French to serve Plaintiff Carroll's existing and future water users within the territorial boundaries of Carroll, including but not limited to, Defendants Crawford, Zalla, Whitehorse and Love's;

16. The Order of the Defendant French in enlarging the territorial boundaries of Defendant Gallatin so that it extends into the Plaintiff Carroll's exclusive territorial boundaries and authorizes Defendant Gallatin to construct water lines and to furnish and sell water violates the August 1, 2007, Order of the Commission; was entered by Defendant Judge French without the legal authority to do so; was procedurally and legally in violation of KRS Chapter 74; was without a factual and/or legal basis; is contrary to prevailing law; and usurps the statutory jurisdiction of the Commission in matters involving public water districts;

17. The Defendants Gallatin, Crawford, Zalla, Whitehorse and Love's may have an interest in and to this appeal as the operator of a water district and/or as owners of real estate which is subject to the Order of Defendant Judge French, but within the territorial boundaries of Carroll, and/or as Carroll's existing and/or future water users, and should be required to assert their claim in this Appeal, if any;

WHEREFORE, Plaintiff Carroll County Water District No. 1 requests this Court to enter an Order in this Appeal:

1. Setting aside and vacating the Order of Defendant Judge French which

unlawfully changed the boundaries of Defendant Gallatin County Water District so as to conflict with the existing territorial boundaries of Plaintiff Carroll County Water District No. 1; and,


2. Ordering Defendant Gallatin County Water District to cease and desist its construction of water lines and/or the furnishing and/or sale of water service to the Defendants Crawford, Zalla, Whitehorse and/or Love's, within Plaintiff Carroll's territorial boundaries;

3. For its costs herein expended, and,

4. For all other necessary and proper relief to which it may be entitled.

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ATTORNEYS AT LAW
523 Highland Avenue
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Carrollton, Kentucky 41008
Phone: (502) 732-6688

Attorneys for Plaintiff
Carroll County Water District No. 1

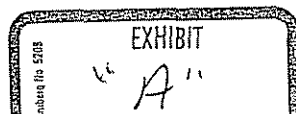
By: 
Ruth H. Baxter

ORDER APPROVING BOUNDARIES OF CARROLL COUNTY
WATER DISTRICT NO. 1

A Petition to enlarge the territorial limits of the Carroll County Water District to clarify its boundaries in Carroll County, and to annex new areas of Gallatin and Owen counties, respectively, having been filed with the County-Judge Executive, notice of the filing of this Petition with the proposed service area of the District once enlarged having been published in the newspaper having the greatest circulation in this county; a public hearing on the District's Petition having been advertised and the hearing having been held, and being otherwise sufficiently advised, IT IS HEREBY ORDERED ADJUDGED AS FOLLOWS:

1. The Petition of the Carroll County Water District to clarify its boundaries in Carroll County, and to annex new areas in Gallatin and Owen counties is hereby approved;
2. The territorial limits of the Carroll County Water District shall be bounded as and more particularly described by the following Proposed Service Area Description as follows:

Beginning at the intersection of Kentucky Highway 320 (Lock Road and U.S. Highway 227); thence northwest with the centerline of said U.S. Highway 227 approximately 1200 feet to a point on the Carrollton City Limits line; thence northeast with said limits line approximately 1,750 feet to the centerline of the Carrollton Railroad tracks; thence northwesterly with the centerline of said tracks, approximately 1,500 feet to a point; thence northeast and perpendicular to said tracks approximately 2,000 feet to a point; thence northwesterly and parallel with M & T Road approximately 3,200 feet to a point which is 900 feet west of said M & T Road; thence north approximately 1200 feet to the Carrollton City Limits and the west right of way of M & T Road; thence northwesterly with said R-O-W line approximately 1,750 feet to the centerline of U.S. Highway No. 42; thence continuing northwesterly with an extension of the aforesaid line approximately 725 feet to the low water mark



(elevation 420) of the Ohio River; thence northeasterly with said river's low water mark to the Gallatin County line; thence continuing with said River's low water mark northeasterly to a point on the west bank of Craig's Creek; thence southerly with the meanderings of the west bank of said creek to a point 1000 feet south and 1000 feet east of the intersection of Winn Road and Kentucky Highway 1130; thence south and parallel with Kentucky Highway 1130 to a point 1,000 feet east and 2,000 feet south of the intersection of Kentucky Highway 1130 and Kentucky Highway 465; thence southwesterly and parallel with Kentucky Highway 465 approximately 8,500 feet to a point on the Carroll County-Gallatin County Line; thence southeasterly along said county line approximately 8,500 feet to the center of Eagle Creek and the Owen County line; thence southeasterly with the meanderings of Eagle Creek and said county line to a point in Eagle Creek 2,500 feet north and west of the Mid Valley Crude Oil Pipe line; thence southwesterly along a parallel line 2,500 feet north of said pipeline to a point 1,000 feet north of the intersection of Bucks Run Road and State Road 227; thence south to a point 1,000 feet south of State Road 227; thence southwesterly along State Road 227 to a point 5000 feet Northeast of the intersection of the Southernmost boundary of Twin Eagle Wildlife area and State Road 355; thence south along a line parallel and 5000 feet east of State Road 355 to a point 1,000 feet north of Fairview Ridge Road; thence east to a point 1,000 feet north of the intersection of Morgan's Lane Road and State Road 22; thence southeast with Morgan's Lane and Morgan's Lane extended approximately 3,500 feet to a point 2,500 feet southeast of the intersection of State Road 22 and Morgan's Lane; thence southwesterly to a point 1,000 feet east of the Gratz city limit line on Highway 355; thence west approximately 4,500 feet to the normal pool water level (elevation 428) of the Kentucky River; thence northeasterly with said water level to Carrollton Lock #1 on the Kentucky River; thence north approximately 1,000 feet to a point on the centerline of Kentucky Highway 320; thence northeasterly with said centerline approximately 2,000 feet to the point of beginning.

Surveyed by James M. West, P.E., Kentucky Reg. No. 12349 dated June 10, 1998. (See also the map of the proposed boundaries filed in the Offices of the Judge-Executives of Carroll, Gallatin and Owen Counties.

This the 8th day of September, 1998.



COUNTY JUDGE-EXECUTIVE

(elevation 420) of the Ohio River; thence northeasterly with said river's low water mark to the Gallatin County line; thence continuing with said River's low water mark northeasterly to a point on the west bank of Craig's Creek; thence southerly with the meanderings of the west bank of said creek to a point 1000 feet south and 1000 feet east of the intersection of Winn Road and Kentucky Highway 1130; thence south and parallel with Kentucky Highway 1130 to a point 1,000 feet east and 2,000 feet south of the intersection of Kentucky Highway 1130 and Kentucky Highway 465; thence southwesterly and parallel with Kentucky Highway 465 approximately 8,500 feet to a point on the Carroll County-Gallatin County Line; thence southeasterly along said county line approximately 8,500 feet to the center of Eagle Creek and the Owen County line; thence southeasterly with the meanderings of Eagle Creek and said county line to a point in Eagle Creek 2,500 feet north and west of the Mid Valley Crude Oil Pipe line; thence southwesterly along a parallel line 2,500 feet north of said pipeline to a point 1,000 feet north of the intersection of Bucks Run Road and State Road 227; thence south to a point 1,000 feet south of State Road 227; thence southwesterly along State Road 227 to a point 5000 feet Northeast of the intersection of the Southernmost boundary of Twin Eagle Wildlife area and State Road 355; thence south along a line parallel and 5000 feet east of State Road 355 to a point 1,000 feet north of Fairview Ridge Road; thence east to a point 1,000 feet north of the intersection of Morgan's Lane Road and State Road 22; thence southeast with Morgan's Lane and Morgan's Lane extended approximately 3,500 feet to a point 2,500 feet southeast of the intersection of State Road 22 and Morgan's Lane; thence southwesterly to a point 1,000 feet east of the Gratz city limit line on Highway 355; thence west approximately 4,500 feet to the normal pool water level (elevation 428) of the Kentucky River; thence northeasterly with said water level to Carrollton Lock #1 on the Kentucky River; thence north approximately 1,000 feet to a point on the centerline of Kentucky Highway 320; thence northeasterly with said centerline approximately 2,000 feet to the point of beginning.

Surveyed by James M. West, P.E., Kentucky Reg. No 12349 dated June 10, 1998. (See also the map of the proposed boundaries filed in the Offices of the Judge-Executives of Carroll, Gallatin and Owen Counties.

This the 8th day of September, 1998.


COUNTY JUDGE-EXECUTIVE

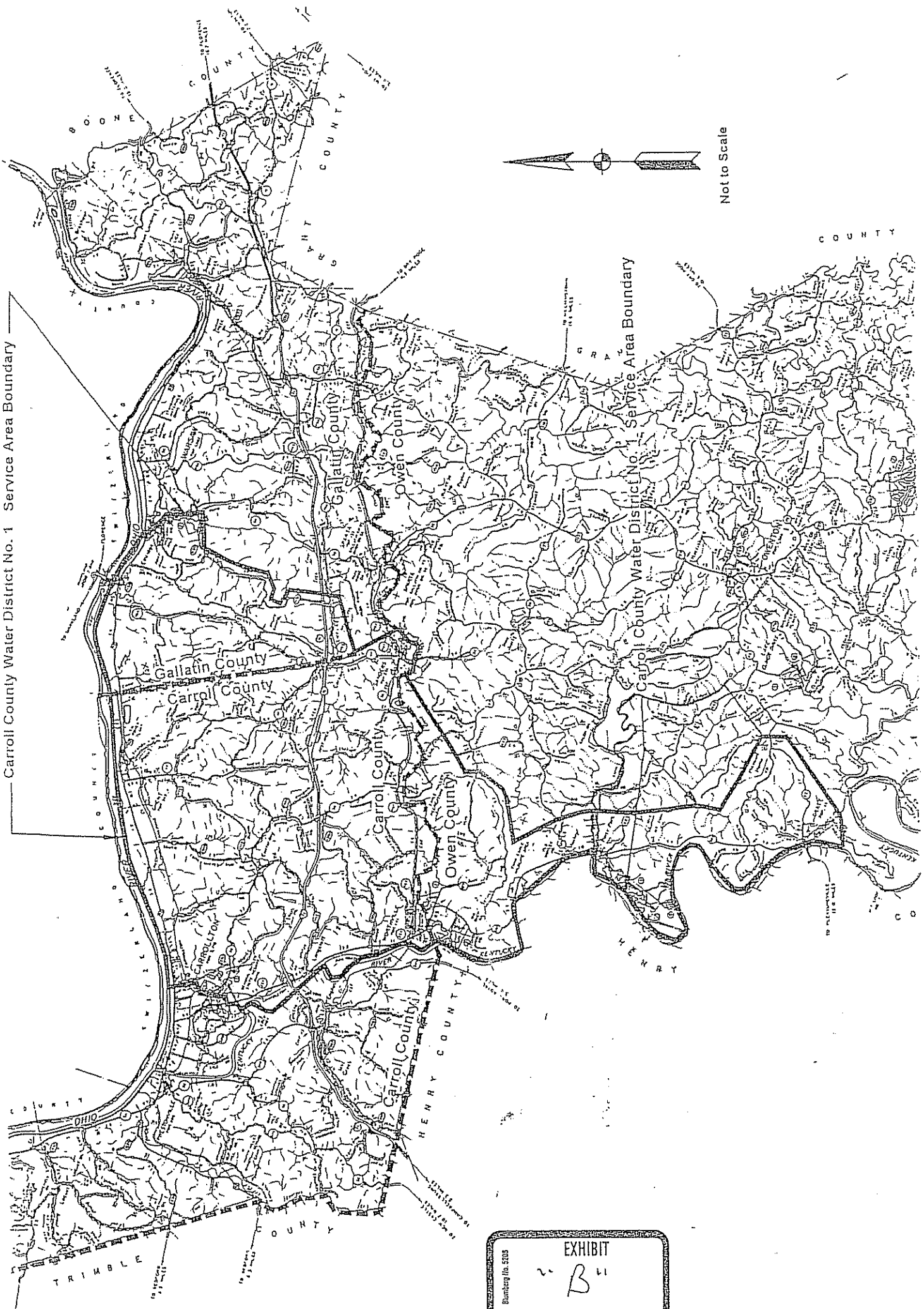
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Surveyed by James M. West, P.E., Kentucky Reg. No. 12349 dated June 10, 1998. (See also the map of the proposed boundaries filed in the Offices of the Judge-Executives of Carroll, Gallatin and Owen Counties.

This the 8th day of October, 1998.


COUNTY JUDGE-EXECUTIVE

Carroll County Water District No. 1 Service Area Boundary



Bumberg (No. 5235)

EXHIBIT

"B"

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

CARROLL COUNTY WATER)	
DISTRICT NO. 1)	
POST OFFICE BOX 350)	
GHENT, KENTUCKY 41045)	
)	
VS.)	CASE NO. <u>2007-00202</u>
)	
GALLATIN COUNTY WATER)	
DISTRICT)	
4500 HIGHWAY 455)	
WARSAW, KENTUCKY 41095)	

COMPLAINT

Comes now the Complainant Carroll County Water District No. 1, and for its Complaint against the Gallatin County Water District, and states as follows:

1.) The Carroll County Water District No. 1, is a public water district created in accordance with KRS 74 010 et seq. (hereinafter "Carroll"), doing business in Carroll, Owen and Gallatin Counties, Kentucky, with its principal place of business at 205 Main Cross Street, Ghent, Carroll County, Kentucky 41045, and a mailing address at Post Office Box 350, Ghent, Kentucky 41045;

2.) At all times complained of herein, Gallatin County Water District No. 1, is a public water district created in accordance with KRS 74.010 et seq. (hereinafter "Gallatin"), doing business in Gallatin County, Kentucky, with its principal place of business at 4500 Highway 455, Warsaw, Gallatin County, Kentucky 41095;

3.) In accordance with KRS Chapter 74, et seq., and by Order Approving



Boundaries of Carroll County Water District No. 1, dated September 8, 1998, Carroll acquired the exclusive right to supply water service to the territory lying and being in Carroll, Gallatin and Owen Counties, and more fully described as follows:

Beginning at the intersection of Kentucky Highway 320 (Lock Road and U.S Highway 227); thence northwest with the centerline of said U.S Highway 227 approximately 1200 feet to a point on the Carrollton City Limits line; thence northeast with said limits line approximately 1,750 feet to the centerline of the Carrollton Railroad tracks; thence northwesterly with the centerline of said tracks, approximately 1,500 feet to a point; thence northeast and perpendicular to said tracks approximately 2,000 feet to a point; thence northwesterly and parallel with M & T Road approximately 3,200 feet to a point which is 900 feet west of said M & T Road; thence north approximately 1200 feet to the Carrollton City Limits and the west right of way of M & T Road; thence northwesterly with said R-O-W line approximately 1,750 feet to the centerline of U.S. Highway No. 42; thence continuing northwesterly with an extension of the aforesaid line approximately 725 feet to the low water mark (elevation 420) of the Ohio River; thence northeasterly with said river's low water mark to the Gallatin County line; thence continuing with said River's low water mark northeasterly to a point on the west bank of Craig's Creek; thence southerly with the meanderings of the west bank of said creek to a point 1000 feet south and 1000 feet east of the intersection of Winn Road and Kentucky Highway 1130; thence south and parallel with Kentucky Highway 1130 to a point 1,000 feet east and 2,000 feet south of the intersection of Kentucky Highway 1130 and Kentucky Highway 465; thence southwestly and parallel with Kentucky Highway 465 approximately 8,500 feet to a point on the Carroll County--Gallatin County Line; thence southeasterly along said county line approximately 8,500 feet to the center of Eagle Creek and the Owen County line; thence southeasterly with the meanderings of Eagle Creek and said county line to a point in Eagle Creek 2,500 feet north and west of the Mid Valley Crude Oil Pipe line; thence southwestly along a parallel line 2,500 feet north of said pipeline to a point 1,000 feet north of the intersection of Bucks Run Road and State Road 227; thence south to a point 1,000 feet south of State Road 227; thence southwestly along State Road 227 to a point 5000 feet Northeast of the

intersection of the Southernmost boundary of Twin Eagle Wildlife area and State Road 355; thence south along a line parallel and 5000 feet east of State Road 355 to a point 1,000 feet north of Fairview Ridge Road; thence east to a point 1,000 feet north of the intersection of Morgan's Lane Road and State Road 22; thence southeast with Morgan's Lane and Morgan's Lane extended approximately 3,500 feet to a point 2,500 feet southeast of the intersection of State Road 22 and Morgan's Lane; thence southwesterly to a point 1,000 feet east of the Gratz city limit line on Highway 355; thence west approximately 4,500 feet to the normal pool water level (elevation 428) of the Kentucky River; thence northeasterly with said water level to Carrollton Lock #1 on the Kentucky River; thence north approximately 1,000 feet to a point on the centerline of Kentucky Highway 320; thence northeasterly with said centerline approximately 2,000 feet to the point of beginning

Surveyed by James M. West, P.E., Kentucky Reg. No. 12349 dated June 10, 1998.

A true and correct copy of the aforesaid Order Approving Boundaries of Carroll County Water District No. 1, is attached hereto and incorporated herein by reference as EXHIBIT "A";

4.) A new commercial development which is expected to include a small retail store and/or gas station is being located along Kentucky Highway 1039, near its intersection with Interstate 71, in Gallatin County, Kentucky (hereinafter "commercial development"). The commercial development is located within Carroll's territorial boundaries as defined in numerical paragraph 3 herein, and as shown on the Carroll County Water District No 1 Service Area Boundary Map and general map of the area. Said maps are attached hereto and incorporated herein by reference as EXHIBIT "B" and EXHIBIT "C", respectively;

5.) In accordance with KRS Chapter 278, Carroll is ready, willing and able to provide water service to the commercial development. It has sufficient infrastructure and capacity to supply water service to the commercial development as shown on the Carroll County

Water District Water System Map, attached hereto as EXHIBIT "D" and incorporated herein by reference;

6.) Despite the establishment of territorial boundaries, Gallatin is attempting to provide service to the commercial development. Gallatin admitted that the commercial development is within Carroll's territory, but has stated that it intends to provide the commercial development with water service despite Carroll's exclusive right to the territory and Carroll's ability to provide water to the commercial development. Gallatin is currently constructing the water lines and/or water service to the commercial development site without authority to do so; and,

7.) Despite repeated demands by Carroll to cease and desist, Gallatin is constructing water lines which are intended to provide service to the commercial development within Carroll's territory;

WHEREFORE, the Complainant Carroll County Water District No. 1 requests the Public Service Commission to determine:

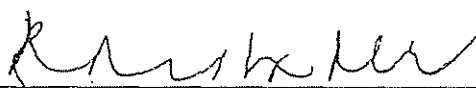
1.) That Gallatin County Water District is in violation of KRS Chapter 74, et seq., and all other applicable law, for extending water line service into that territory where Carroll County Water District No. 1 has the exclusive right to supply water service;

2.) That Gallatin County Water District should be ordered to cease and desist its construction of water lines and/or service to the commercial development along Highway 1039 in Gallatin County, Kentucky, within Carroll's territory; and,

3.) For all other necessary and proper relief to which Carroll County Water District No. 1 may be entitled.

CRAWFORD & BAXTER, P.S.C.
ATTORNEYS AT LAW
523 Highland Avenue
P.O. Box 353
Carrollton, Kentucky 41008
(502) 732-6688
Facsimile: (502) 732-6920

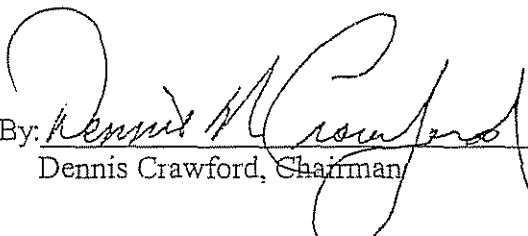
Attorneys for Complainant
Carroll County Water District No. 1

By: 
Ruth H. Baxter

VERIFICATION

Dennis Crawford states that he is the Chairman of the Carroll County Water District No. 1, that he has read the foregoing Complaint and states that the statements contained therein are true and correct, and that he is authorized to execute this Verification on behalf of Carroll County Water District No. 1.

CARROLL COUNTY WATER DISTRICT NO. 1

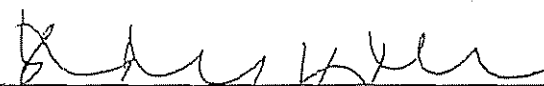
By: 
Dennis Crawford, Chairman

STATE OF KENTUCKY)

COUNTY OF CARROLL)

Subscribed and sworn to before me by Dennis Crawford, this the 19 day of May, 2007.

My commission expires: 12/07/10

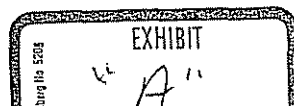

NOTARY PUBLIC, KY., STATE AT LARGE

ORDER APPROVING BOUNDARIES OF CARROLL COUNTY
WATER DISTRICT NO. 1

A Petition to enlarge the territorial limits of the Carroll County Water District to clarify its boundaries in Carroll County, and to annex new areas of Gallatin and Owen counties, respectively, having been filed with the County-Judge Executive, notice of the filing of this Petition with the proposed service area of the District once enlarged having been published in the newspaper having the greatest circulation in this county; a public hearing on the District's Petition having been advertised and the hearing having been held, and being otherwise sufficiently advised, IT IS HEREBY ORDERED ADJUDGED AS FOLLOWS:

1. The Petition of the Carroll County Water District to clarify its boundaries in Carroll County, and to annex new areas in Gallatin and Owen counties is hereby approved;
2. The territorial limits of the Carroll County Water District shall be bounded as and more particularly described by the following Proposed Service Area Description as follows:

Beginning at the intersection of Kentucky Highway 320 (Lock Road and U.S. Highway 227); thence northwest with the centerline of said U.S. Highway 227 approximately 1200 feet to a point on the Carrollton City Limits line; thence northeast with said limits line approximately 1,750 feet to the centerline of the Carrollton Railroad tracks; thence northwesterly with the centerline of said tracks, approximately 1,500 feet to a point; thence northeast and perpendicular to said tracks approximately 2,000 feet to a point; thence northwesterly and parallel with M & T Road approximately 3,200 feet to a point which is 900 feet west of said M & T Road; thence north approximately 1200 feet to the Carrollton City Limits and the west right of way of M & T Road; thence northwesterly with said R-O-W line approximately 1,750 feet to the centerline of U.S. Highway No. 42; thence continuing northwesterly with an extension of the aforesaid line approximately 725 feet to the low water mark



(elevation 420) of the Ohio River; thence northeasterly with said river's low water mark to the Gallatin County line; thence continuing with said River's low water mark northeasterly to a point on the west bank of Craig's Creek; thence southerly with the meanderings of the west bank of said creek to a point 1000 feet south and 1000 feet east of the intersection of Winn Road and Kentucky Highway 1130; thence south and parallel with Kentucky Highway 1130 to a point 1,000 feet east and 2,000 feet south of the intersection of Kentucky Highway 1130 and Kentucky Highway 465; thence southwesterly and parallel with Kentucky Highway 465 approximately 8,500 feet to a point on the Carroll County-Gallatin County Line; thence southeasterly along said county line approximately 8,500 feet to the center of Eagle Creek and the Owen County line; thence southeasterly with the meanderings of Eagle Creek and said county line to a point in Eagle Creek 2,500 feet north and west of the Mid Valley Crude Oil Pipe line; thence southwesterly along a parallel line 2,500 feet north of said pipeline to a point 1,000 feet north of the intersection of Bucks Run Road and State Road 227; thence south to a point 1,000 feet south of State Road 227; thence southwesterly along State Road 227 to a point 5000 feet Northeast of the intersection of the Southernmost boundary of Twin Eagle Wildlife area and State Road 355; thence south along a line parallel and 5000 feet east of State Road 355 to a point 1,000 feet north of Fairview Ridge Road; thence east to a point 1,000 feet north of the intersection of Morgan's Lane Road and State Road 22; thence southeast with Morgan's Lane and Morgan's Lane extended approximately 3,500 feet to a point 2,500 feet southeast of the intersection of State Road 22 and Morgan's Lane; thence southwesterly to a point 1,000 feet east of the Gratz city limit line on Highway 355; thence west approximately 4,500 feet to the normal pool water level (elevation 428) of the Kentucky River; thence northeasterly with said water level to Carrollton Lock #1 on the Kentucky River; thence north approximately 1,000 feet to a point on the centerline of Kentucky Highway 320; thence northeasterly with said centerline approximately 2,000 feet to the point of beginning

Surveyed by James M. West, P.E., Kentucky Reg. No. 12349 dated June 10, 1998. (See also the map of the proposed boundaries filed in the Offices of the Judge-Executives of Carroll, Gallatin and Owen Counties.

This the 8th day of September, 1998.



COUNTY JUDGE-EXECUTIVE

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Surveyed by James M. West, P.E., Kentucky Reg. No 12349 dated June 10, 1998. (See also the map of the proposed boundaries filed in the Offices of the Judge-Executives of Carroll, Gallatin and Owen Counties.

This the 8th day of September, 1998.


COUNTY JUDGE-EXECUTIVE

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Surveyed by James M. West, P.E., Kentucky Reg. No. 12349 dated June 10, 1998. (See also the map of the proposed boundaries filed in the Offices of the Judge-Executives of Carroll, Gallatin and Owen Counties.

This the 17th day of October, 1998.


COUNTY JUDGE-EXECUTIVE

Kentucky, United States, North America

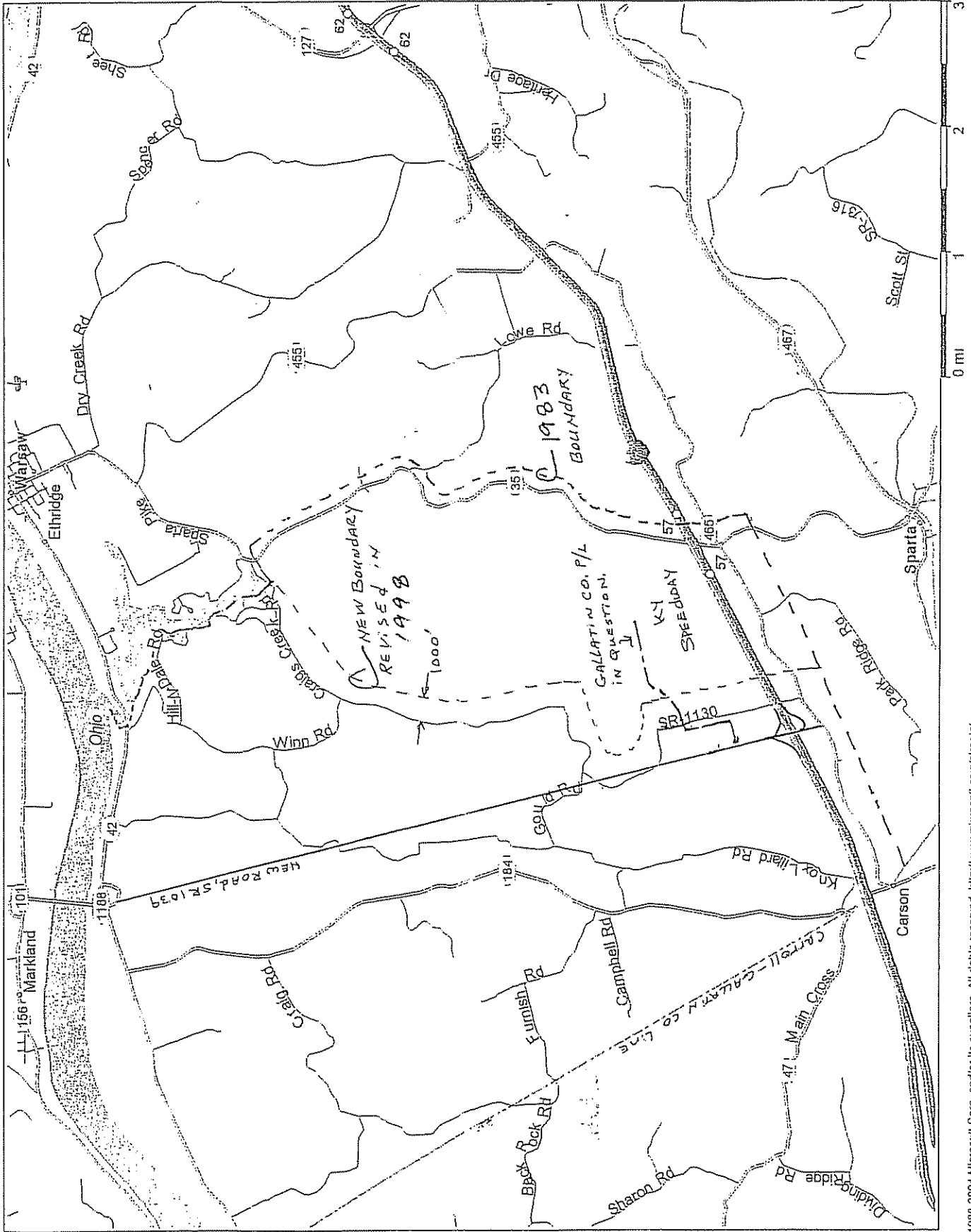
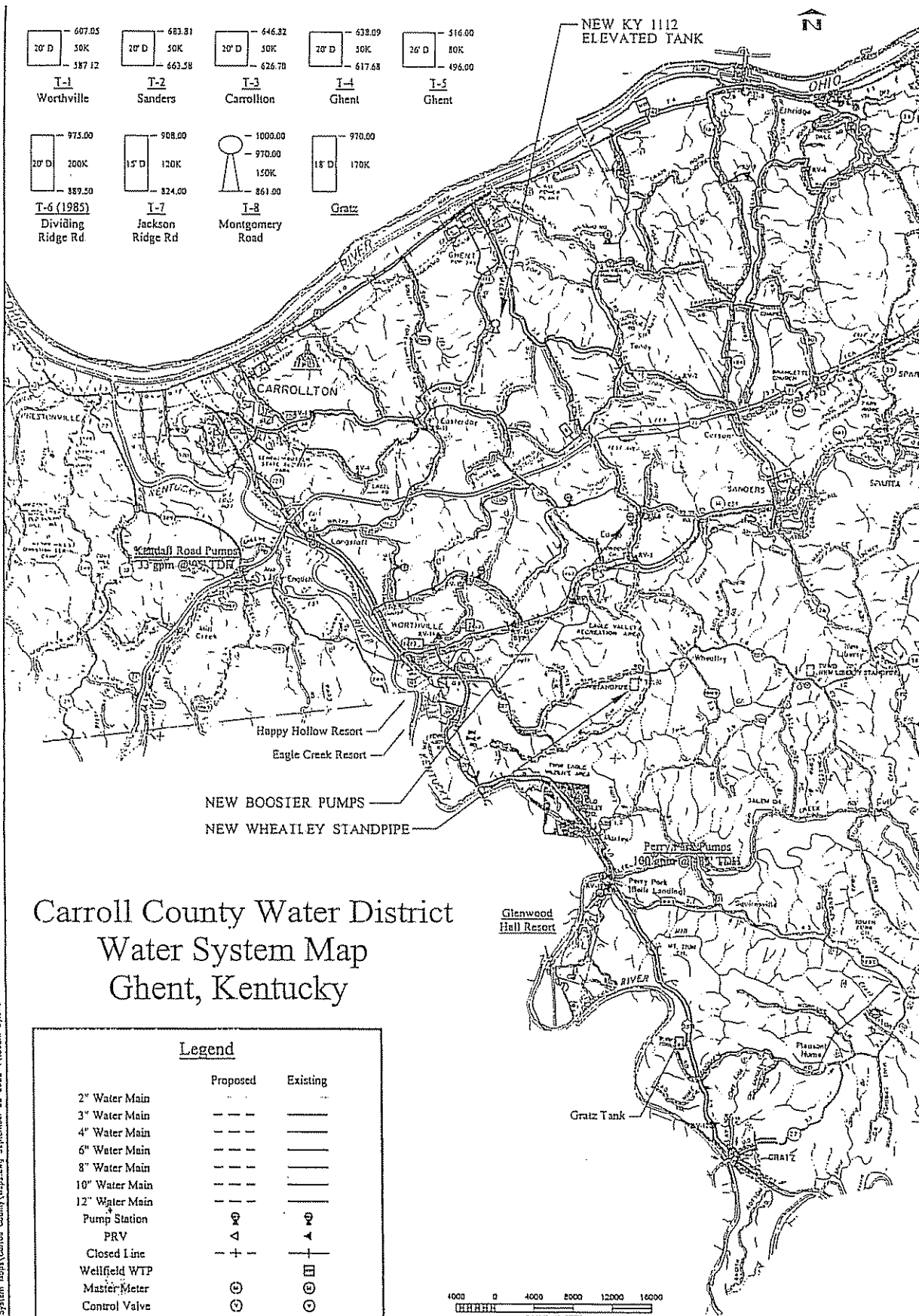


EXHIBIT
 1188
 1184

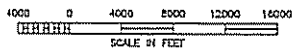
20" D 587.12	20" D 663.58	20" D 626.70	20" D 617.68	20" D 496.00
T-1 Worthville	T-2 Sanders	T-3 Carrollton	T-4 Ghent	T-5 Ghent
20" D 389.50	15" D 324.00	1500.00 970.00 150K 861.00	15" D 170K	
T-6 (1985) Dividing Ridge Rd	T-7 Jackson Ridge Rd	T-8 Montgomery Road	Gratz	

NEW KY 1112
ELEVATED TANK



Carroll County Water District Water System Map Ghent, Kentucky

Legend		
	Proposed	Existing
2" Water Main	---	---
3" Water Main	---	---
4" Water Main	---	---
6" Water Main	---	---
8" Water Main	---	---
10" Water Main	---	---
12" Water Main	---	---
Pump Station	⊙	⊙
PRV	△	△
Closed Line	—+—	—+—
Wellfield WTP	⊞	⊞
Master Meter	⊙	⊙
Control Valve	⊙	⊙
Tanks		
Stand Pipe	□	□
Ground Storage	□	□
Elevated	⊞	⊞



PDR Engineers, Inc.
 A Teco Tech Company
 Cincinnati-Corvair-Huntsville-Lexington-Louisville-Memphis-Owensboro
 800 Corporate Dr. • Lexington, Kentucky 40503 • (252) 233-8000

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

CARROLL COUNTY WATER DISTRICT NO. 1)	
)	CASE NO.
COMPLAINANT)	2007-00202
)	
V.)	
)	
GALLATIN COUNTY WATER DISTRICT)	
)	
DEFENDANT)	

O R D E R

On July 18, 2007, the Commission held a hearing on Carroll County Water District No. 1's ("Carroll County") motion to prohibit Gallatin County Water District ("Gallatin County") from constructing lines and serving a new development. During the course of the hearing, the parties agreed to the conditions in this Order.

IT IS HEREBY ORDERED that:

1. During the pendency of this proceeding, Gallatin County shall not construct any water lines within the territory of Carroll County and shall not allow a third party to connect to its existing water line within the territory of Carroll County.
2. During the pendency of this proceeding, Gallatin County shall not furnish or sell water from its existing water line within the territory of Carroll County to any customers not served by Gallatin County as of July 18, 2007.



3. The Executive Director of the Commission is directed to serve a copy of the complaint and answer on the following property owners, who may have an interest in this case: Regina Stewart, P.O. Box 1005, Warsaw, KY 41095, and Adam Chaney, Whitehorse Development Group, LLC, 495 Erlanger Road, Suite 201A, Erlanger, KY 41018.

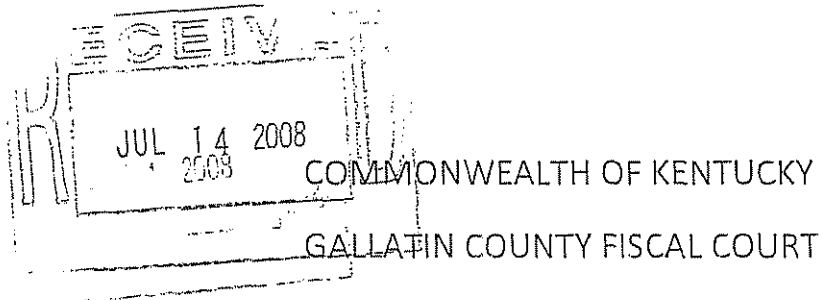
Done at Frankfort, Kentucky, this 1st day of August, 2007.

By the Commission

ATTEST:



Executive Director



IN RE: The matter of Annexation of Territory by the Gallatin County Water District:

FINDINGS OF FACT
AND ORDER

THE Gallatin County Judge/Executive Kenny French received a request from the Gallatin County Water District to change the boundaries of the Gallatin County Water District by annexing areas within Gallatin County but within the territory of the Carroll County Water District, pursuant to KRS 74.110. The request seeks to accomplish two purposes, as it appears to this tribunal, to wit;

- 1) To clarify the status of customers in that area currently served by the Gallatin County Water District, and;
- 2) To avoid any future conflicts relative to users who might hereafter be located in the affected area.

The Gallatin County, KY area sought to be annexed is described as follows:

Beginning at Speedway Blvd. and 1000 ft., West of Junction 1039 and Speedway Blvd., Southwest Blvd., Southwest to I-71, all areas South of I-71 and all other areas south of the interstate excluding any existing customers as of April 1, 2008.

Gallatin County Judge/Executive received public comments until May 12, 2008. At 8:00 a.m. on May 12, 2008, Judge Kenny French held a public meeting to receive public comments (minutes attached of the May 12, 2008 meeting). A public hearing was duly advertised and held on May 23, 2008 at 2:00 p.m. at the Gallatin County Courthouse.

May 23, 2008 at 2:00 p.m. Gallatin County Judge/Executive Kenny R. French held a public Hearing at the Gallatin County Courthouse. This hearing was to receive both public and party testimony and any evidence on the redistricting of the Gallatin County Water District in the described areas not served by the Carroll County Water District #1 located in Gallatin County. Those in attendance were: Attorney Ruth Baxter, Judge/Executive Harold Tomlinson, Carroll County Water



District, #1 Manager Jim Smith, Carroll County Magistrate Mark Bates, Attorney Steve Huddleston, Gallatin County Water District Manager Morris Courtney, Gallatin County Water District Chairman Denny French, Gallatin County Water District Commissioner Vic Satchwell, Attorney John Wright, Judge/Executive Kenny R. French, Circuit Court Clerk Pam McIntyre, Deputy Fiscal Court Clerk & Financial Officer Elaine Lillard, and one visitor Fred Berkshire.

Gallatin County Water District was represented by Attorney Steve Huddleston. Carroll County Water District was presented to Ruth Baxter.

Both parties were given the opportunity to call and cross-examine witnesses. Questions were also asked by Judge/Executive Kenny R. French. Written comments had been received prior to the hearing from Jim Smith as Chairman of the Carroll County Water District dated May 5, 2008; Adam Chaney of Whitehorse Development dated April 18, 2008; and Carroll County Judge Executive Harold "Shorty" Tomlinson dated May 2, 2008. No comment was received from any resident of the affected area.

Based on the evidence before this hearing officer, I do hereby make the following FINDINGS OF FACT, TO WIT:

- 1) The described area is currently part of the territory of the Carroll County Water District #1. Whether a water district is entitled to exclusive rights to provide service within its territory is not an issue before this tribunal.
- 2) The area was served by Gallatin Water District at the time the first public notice was advertised in the Gallatin County News on April 16th, 2008.
- 3) Gallatin County Water District had provided service for several years in the territory in question without objection.
- 4) Gallatin County Water District has the present capacity to provide substantial volumes of water to the area, sufficient to meet current and anticipated needs of users in the area without an appreciable outlay of funds by that district or existing or future users. Carroll County Water District does not have that current capacity.
- 5) The existing new water user in the area has requested water service by the Gallatin County Water District.
- 6) Allowing the Gallatin County Water District to serve the area will enhance the desirability of Gallatin County for commercial

development, increased employment and tax base and that allowing the area to be served by Carroll County Water District will likely hinder and delay those beneficial effects.

- 7) The annexation of territory sought herein by the Gallatin County Water District is reasonably necessary to achieving the benefits set out in subparagraph (6) above.
- 8) The only debt incurred by Carroll County Water District in the described area is that associated with the recent extension of lines to serve Love's Truck Stop.

After viewing the exhibits presented in this hearing and consideration of the testimony given, and making the FINDING OF FACT set forth above, I do hereby Order as follows, pursuant to KRS 74.110.

- 1) The Gallatin County Water District's territory limits will now include the area as advertised and more clearly stated as follows: All areas along Speedway Blvd. (a/k/a Jerry Carroll Blvd.) from KY 35 to KY 1039 and extending along the same projected line to a point 1000 ft. west of the junction of KY 1039 and Speedway Blvd., thence southwestwardly course to I-71, AND including all of Gallatin County south of I-71 from KY 35 and the Carroll County line; excluding any existing customers as of April 1, 2008.
- 2) The Gallatin County Water District shall reimburse the Carroll County Water District all expenses incurred in connecting Love Brother's Truck Stop to their existing line at Tommy Crawford's residence.
- 3) The Clerk of the Gallatin County Clerk shall enter this Order in the appropriate *County Order Book*.

SO ORDERED this 8th day of July, 2008.


Kenny R. French
Gallatin County Judge/Executive

This is to attest that the foregoing is a true and correct copy of the FINDINGS OF FACT, and Order adopted by the Gallatin County Judge/Executive on the 8th day of July, 2008.


Clerk, Gallatin County Court

Copies to: Hon. John G. Wright
Hon. Stephen P. Huddleston
Hon. Ruth Baxter
Gallatin Co Water District
Carroll Water District
Carroll County Judge Executive

AFFIDAVIT OF JAMES L. SMITH

The affiant, James L. Smith, after first having been duly sworn, states and deposes as follows:

1. That I am the Manager of the Carroll County Water District No. 1 ("CCWD") and have served in that capacity since 1994. Prior to that date, I served as a Commissioner on the Water District for a period of twelve (12) years. I testified before the Commission in the pending proceedings, and confirmed that I am a chemical engineer by profession, and hold a bachelor of science degree in Chemical Engineering from Purdue University;

2. The CCWD received a request for water service from Love's Travel Stops ("Loves") to provide water service to its Travel Stop, consisting of a truck stop with a McDonald's and Subway Restaurants, on or about April 3, 2008;

3. After state approval, the water line to the service was constructed and water service provided;

4. That Love's signed a water user agreement, and has been served with water by the CCWD since April 29, 2008;

5. That no one else within that portion of the CCWD lying in Gallatin County has requested water service from the CCWD;

6. That CCWD objects to the request of GCWD to set aside the Commission's Order of August 1, 2007, as the Order was put in place pending ruling by this Commission to avoid continued construction by Gallatin County Water District within the territorial boundaries of the CCWD without a Certificate of Convenience and Necessity from the Commission;

7. That by setting aside its Order, the Commission will allow continued dispute

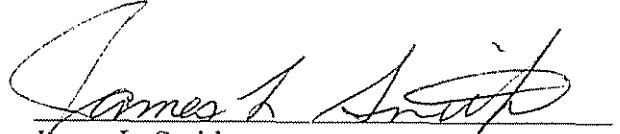
CRAWFORD & BAXTER, P.S.C.
ATTORNEYS-AT-LAW
CARROLLTON, KY



between CCWD and Gallatin County Water District that may result in disruption and/or discontinuance of water service to Love's;

8. The CCWD does not believe that the Gallatin County Judge Executive had any legal authority to unilaterally change its territorial boundaries, and has filed an appeal with the Gallatin Circuit Court to challenge the authority of the Judge and the validity of its Order. It does not consider the issues before the Commission 'mooted' because of the unlawful action of the Gallatin County Judge Executive, and requests the Commission to rule on the pending matters so that a final decision can be rendered to lay the matter to rest.

This the 15th day of August, 2008.

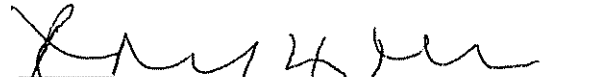

James L. Smith

STATE OF KENTUCKY)

COUNTY OF CARROLL)

Subscribed and sworn to before me by James L. Smith on this the 15th day of August, 2008.

My commission expires: 12/04/10


NOTARY PUBLIC, KY STATE AT LARGE