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Please deliver the following information to the person named below.

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TO: Hon. Todd Osterloh, Staff Attorney

JUL 15 2008

FIRM: Public Service Commission

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COMMISSION

FROM: Hon. Ruth H. Baxter

FAX NO.: 1-502-564-3460

DATE: July 15, 2008

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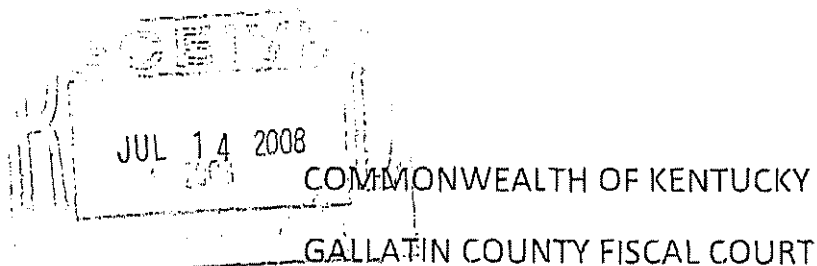
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BY: Debbie

OTHER MESSAGES/NOTES:

RE: Case No. 2007-00202

Mr. Osterloh,
Enclosed you will find a copy of the Findings of Fact and Order of the Gallatin County Fiscal Court for your information.
Ruth H. Baxter/dmp



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

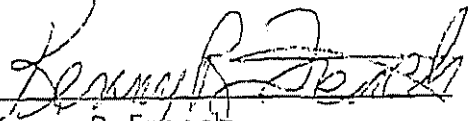
development, increased employment and tax base and that allowing the area to be served by Carroll County Water District will likely hinder and delay those beneficial effects.

- 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.

Tracy Miles
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