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PUBLIC SERVICE
COMMISSION

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)

CASE NO. 2007-00202

Comes now the defendant, by counsel, and pursuant to the Commission's pre-hearing scheduling Order, does hereby submit the attached list of witnesses expected to be called to testify at trial, together with a summary of the anticipated testimony of each.



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CERTIFICATION

This is to certify that the foregoing was served by mailing a true copy of same by first class mail, postage prepaid to Hon. Ruth H. Baxter, P.O. Box 353, Carrollton, Kentucky 41008, and Hon. Dennis R. Williams, P.O. Box 861, Covington, Kentucky 41012-0861, this the 19th day of October, 2007.



DEFENDANT GALLATIN COUNTY WATER
DISTRICT'S LIST OF WITNESSES
AND SUMMARIES OF TESTIMONY

1. Morris R. Courtney, Manager of Gallatin County Water District, will testify regarding the timing, purposes, funding and reasoning for extensions of line into territory claimed by Carroll County. He will provide details as to the size of the lines, area traversed by the lines and customers served by the lines. He will testify regarding the permitting and inspecting of those lines. Specifically, he will provide testimony as stated above relative to the 8" line laid to Hwy. 1039 in 2002, which is the primary focus of this action.

He will testify that Gallatin County Water District has served water to the Stewart farm, upon which is located the commercial development that is the center of this controversy, since 1997; that this line, along Lick Creek Road, serves customers which Mr. Smith told him Carroll County had no intention of ever serving; that Carroll County has made no complaint, prior hereto, about Gallatin County Water District's lines; that the said Lick Creek line and the 2002 line in immediate question were worked on by Darrell Lykins, Supt. of Carroll County; that he heard Mr. Smith state that it would require construction costing \$400,000.00 in order for Carroll County to serve the commercial development; that Carroll County cannot presently provide fire protection to the commercial development; that Gallatin Fiscal Court provided funds to Carroll County to lay line through the Ronald Courtney farm; that Gallatin County Water District provided \$25,000.00 to Carroll County from tobacco grant money in order to construct lines on Walnut Valley road; that he has had contact from developers of the commercial development seeking water service as soon as possible; that any line laid along Ky. Hwy. 1039 since this action was last before the Commission was not the work of Gallatin County Water District, and if said line was laid under the auspices of a permit issued to Gallatin County Water District, such was not known by Gallatin County Water District; that Gallatin County Water District is ready, willing and able to supply adequate and reliable water service to the subject development in short order at little cost; that employees of Carroll County witnessed the construction of the 2002 line.

He will also testify to such matters necessary to rebut the testimony of witnesses for advise parties.

2. Tammy Hendren, Secretary, employed by Gallatin County Water District may testify as to any question that may arise concerning compilation of minutes and billing history or practices.

3. Darrell Lykins, Supt., Carroll County Water District, is a high-level employee of plaintiff. Defendant, therefore, has not presumed to interview him. It is expected that Mr. Lykins will testify respecting his participation and knowledge of the lines installed by Gallatin County Water District in territory claimed by Carroll County, and resulting service to consumers from those lines; the sums paid to him for work and from whom paid; that Carroll County has allowed incursions into its claimed territory by at least one other water provider in the past, which currently persists. Mr. Lykins may also address the nature and scope of Carroll County's prior knowledge of the activities of Gallatin County Water District now complained of.
4. Victor Satchwell, Jr., Chairman, Gallatin County Water District, will testify concerning the reasoning, purposes, funding and intent of the 8" 2002 line now in question. He will testify that the commercial development is situated at a site considered by Gallatin County Water District to be its to serve, in that the lands upon which it sits had been served by Gallatin County Water District since 1997. He will testify that he heard Mr. Smith state that service to the commercial development by Carroll County would entail costs of \$400,000.00. He will testify that the 8" line laid in 2002 was undertaken in anticipation, after the announced construction of a new road, that commercial development might occur on lands served at that time by Gallatin County Water District and it was considered reasonable planning to make preparations for that eventually. He will testify that Gallatin County Water District had no knowledge of any use of any permit issued to it by any other entity relative to the laying of any line along Hwy. 1039 since this action was last before the Commission. He will testify that Carroll County made no complaint about any activity of Gallatin County Water District until November, 2006; that employees of Carroll County observed the installation of the 2002 line.
5. Ron Gastineau, P.E., will testify relative to the engineering and installation of all Gallatin County Water District lines within territory claimed by Carroll County. He will testify none of those lines involved financing, nor affected consumer rates or the financial position of Gallatin County Water District, and that each provided service to an unserved area and that each constituted an ordinary extension of an existing system done in the usual course of business. He will testify that all such lines were property permitted and inspected by the PSC, and that no suggestion of the need for a Certificate of Convenience and Necessity relative to any of those lines has heretofore been heard. He will testify as to the effects of utilizing a 4" line to service the commercial development upon water pressure at other points in the delivery system.
6. Hon. Clarence Davis, former Gallatin County Judge/Executive, will testify that Gallatin Fiscal Court paid for the extension of Carroll County lines

through the Ronald Courtney farm in western Gallatin County; that Gallatin County Water District extended lines into unserved territory claimed by Carroll County in 1995-96 and 1997-98 because residents wanted water service and Carroll County was not in position to provide, or made no attempt to do so. He will testify that in 1998 Carroll County formally ceded a part of its claimed territory to Gallatin County Water District.

7. Hon. George W. Zubaty, former Gallatin County Judge/Executive, will testify that Carroll County was given \$25,000.00 from the Gallatin Fiscal Court and/or Gallatin County Water District for the purpose of extending lines along Walnut Valley Road; that this was done to induce Carroll County to expand its service in Gallatin County; that Lesa Bullard, Gallatin County Treasurer procured easements for that project for Carroll County; that the 8" line laid in 2002 to Hwy. 1039 was undertaken for the purposes of promoting economic development in Gallatin County; that Gallatin County Water District had served the Stewart farm since 1997; that a new road had been announced which would divide that farm; that due to the new road future economic development of the area was foreseeable; that it was deemed prudent to upgrade Gallatin County Water District's ability to serve this area of anticipated growth located on lands already served by Gallatin County Water District; and that Carroll County, during his tenure in office, had shown no inclination to invest in or foster the economic enhancement of Gallatin County. He will testify that during his tenure it was not uncommon for water providers to cooperate for the provision of service to unserved areas within the claimed territories of other providers; that during his tenure Gallatin County Water District expanded water service into Grant and Boone Counties.
8. Denny French, former Chairman of Gallatin County Water District, will testify as to the purpose, reasoning, intent and funding for lines laid by Gallatin County Water District into territory claimed by Carroll. His testimony will correspond to that of Courtney, Zubaty, Satchwell, Davis and Gastineau summarized above. He will testify that Gallatin County paid \$25,000.00 to Carroll County to lay lines along Walnut Valley Road; that Carroll county exhibited no inclination to serve residents in western Gallatin County outside of clustered areas without contribution from Gallatin County Water District or Gallatin Fiscal Court. He will testify that he heard Mr. Smith state that construction costs necessary to enable Carroll County to serve the subject commercial development would be \$400,000.00. He will testify that no objection to Gallatin County Water District activities was registered until November 2006. He will testify that in 2004, in response to a notice published by Carroll County relative to claimed territory in Owen County, he protested the inclusion by Carroll County into its claimed territory, as described in the published notice, of lands in Gallatin County served by Gallatin County Water District. He will testify that he was first contacted relative to water service to the

commercial development by Adam Chaney in 2004. He will testify that the waterline laid along Hwy. 1039, of which Carroll County has made recent complaint, was the work of the developer of the commercial site and not Gallatin County Water District.