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BEFORE THE KENTUCKY
PUBLIC SERVICE COMMISSION

NOV 30 2016

Public Service
Commission

Wood Creek Water District and Its)
Individual Commissioners, Glenn Williams,)
Earl Bailey, and Jimmy Keller) No. 2016-00338
Alleged Failure to Comply with KRS)
278.300(1))

MOTION TO HOLD SHOW CAUSE HEARING IN ABEYANCE

Comes the Wood Creek Water District and its Individual Commissioners, Glenn Williams, Earl Bailey and Jimmy Keller by and through Counsel (collectively referred to herein as "Respondents") and move this Commission to hold its Order of October 11, 2016, directing these Respondents to Show Cause in Abeyance.

In support of this Motion, these Respondents state as follows:

The Respondents herein filed a Response to the Order to Show Cause issued in this case. In that Response, the Respondents stated that they relied on the advice of counsel when it amortized certain KRWFC loans; this Commission recognized this in its Order of October 11, 2016. In his letter to the Commission, Counsel W. Randall Jones stated that because the KRWFC loan amount did not exceed the amount authorized in its Orders of January 6, 2015, his advice was that further approval by the Commission was not needed. Had their attorney advised that the Commission's approval was needed, it would have been obtained. This Commission might note that this is not a matter that Wood Creek Commissioners or other Commissioners in most rural areas deal with of a regular basis or even if they did, they would rely on the advice of bond counsel in such matters. This is a very specialized area of the practice of law.

In its Order of October 11, 2016, this Commission allowed a request for an informal conference to discuss the issues in this case; such a conference was conducted via telephone among Commission Staff and Counsel for Wood Creek, Glenn Williams, Earl Bailey and Jimmy

Keller, and their Counsel W. Randall Jones of Rubin and Hays. From that Conference an Informal Conference Memo was issued on November 16, 2016. In that Memo, it was recognized that Bond Counsel expressed his belief that this was simply an inadvertent omission. It was also recognized in that Memo that the possible outcomes of the show cause action were discussed. From that Memo, these Respondents filed a Response.

We now file this Motion to Hold the Show Cause Hearing in Abeyance; as reasons for the this Motion to Hold the Show Cause Hearing in Abeyance, we state that we wish to do so pending discussion and possible resolution of this matter as proposed in the Respondents Response to the Informal Conference. We have offered terms of settlement that we believe are just in view of the circumstances of this case.

Training of the Wood Creek Commissioners was discussed in the Informal Conference; training would not serve to prevent this sort of mistake from reoccurring because (1) it was a mistake and not a willful act by these Respondents and (2) these Respondents were relying of advice of their Bond Counsel and Financial Advisory Group Raymond James and Associates in the actions that were taken. If the behavior of the Respondents consisted of regular actions by them on a regular basis without advice of counsel, training for the Respondents would serve a purpose; here training of the Respondents would not serve to prevent this sort of mistake by them in the future because the Respondents would not take this action in the past or future without the advice of Counsel and in this case they were relying on advice of counsel and a Financial Advisory Group. Training of the Respondents would not serve to prevent this in the future. In the future, these Respondents will ask more questions about whether this Commission's approval is necessary, but further training will not help to assure whether the Commission's approval is

required; we do and cannot be expected to ever have that level of expertise; in the end, we will have to rely on the advice of Bond Counsel in such matters.

The action by the Respondents which is the focus of the Show Cause Order was a mistake by the Respondents, but was in reliance on advice of Counsel. We understand that it is likely that this Commission will feel the need to issue some Order so there is no appearance that its Order and Regulations are not being followed. It was in this spirit that the offer of an aggregate fine to all the Respondents of five hundred dollars (\$500.00) was made. We offer this in terms of a settlement of this entire matter.

We ask that this Commission hold the Show Cause Hearing scheduled for December 13, 2016 in abeyance pending consideration and possible acceptance of the settlement proposal of the Respondents.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by U. S. Mail, postage prepaid, to the following:

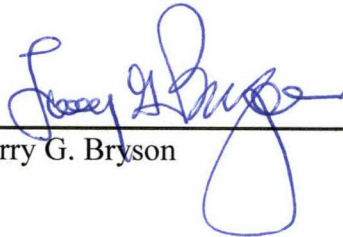
Original:

Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602

Copy:

W. Randall Jones
Rubin and Hays
450 South Third Street
Louisville, Kentucky 40202

This the 28th day of November, 2016.



Larry G. Bryson