

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSSION OF KENTUCKY

In the Matter of:

INVESTIGATION OF THE HOPKINSVILLE)	
WATER ENVIRONMENT AUTHORITY'S)	CASE NO.
WHOLESALE RATE TO CHRISTIAN COUNTY)	2005-00174
WATER DISTRICT)	

*** ** *** ** *** ** *** ** ***
SETTLEMENT AGREEMENT 1-2005

*** ** *** ** *** ** *** ** ***

THIS SETTLEMENT AGREEMENT ("Agreement") is made and entered into as of the 8th day of December, 2005, by and between the Hopkinsville Water Environment Authority ("HWEA") and the Christian County Water District ("CCWD"), both of whom are collectively referred as the "Parties",

WITNESSETH:

WHEREAS, on June 28, 1973, the City of Hopkinsville, acting by and through its duly authorized agency, the Hopkinsville Sewerage and Water Works Commission (now known as Hopkinsville Water Environment Authority or HWEA), entered into a Water Purchase Contract ("Contract") with the CCWD;


WHEREAS, there have been multiple amendments, extensions and addendums to the Contract during the past 30 years;

WHEREAS, HWEA has provided wholesale water service to the CCWD for the past 32 years pursuant to the terms of the Contract, as amended and extended;

WHEREAS, a dispute has arisen between the Parties concerning the wholesale rate to be charged to the CCWD;

WHEREAS, on June 15, 2005, the Public Service Commission ("Commission") established this proceeding to investigate the reasonableness of the new wholesale water rate proposed by HWEA to the CCWD; and

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OF KENTUCKY**
EFFECTIVE
2/9/2006
PURSUANT TO 807 KAR 5:011
SECTION 9 (1)

By 
Executive Director

WHEREAS, the Parties have engaged in good faith settlement negotiations which have produced this Agreement;

NOW THEREFORE, HWEA and the CCWD agree as follows:

1. The wholesale water rates that HWEA shall charge the CCWD shall be in accordance with the current Hopkinsville Division water rates (City rates) approved by the Hopkinsville City Council. Based upon the current "City Rates," the wholesale rates that HWEA shall charge the CCWD are set forth in Schedule 1 which is attached hereto and incorporated herein by reference.

2. Based upon the available information, both HWEA and the CCWD believe that the rates set forth in Schedule 1 closely approximate HWEA's actual cost of producing and delivering water to the CCWD. Both Parties are satisfied that the proposed wholesale rates are fair, just and reasonable.

3. The Parties request the Commission to enter an Order finding that the rates set forth in Schedule 1 are fair, just and reasonable and approving the rates set forth in Schedule 1.

4. The Parties agree that this will be the method used to determine future wholesale water rates.

5. The Parties also agree that the new rate will not go into effect until 6 months after the Hopkinsville City Council has approved the new "City Rates."

6. HWEA will give formal written notice of a proposed water rate increase at least one week prior to first reading of the rate ordinance before the Hopkinsville City Council.

7. Each Party pledges to use its best efforts to help expedite the approval of the Agreement by the Commission.

8. It is understood by the Parties that this Agreement is subject to the acceptance of, and approval by, the Commission and is not binding upon the Commission.

9. If the Commission adopts this Agreement in its entirety, each party agrees that it will not bring an action for review of the Commission's final order in this case in the Franklin Circuit Court.

10. If the Commission does not adopt this Agreement in its entirety, each Party reserves the right to withdraw from the Agreement, to request that Case 2005-00174 proceed as if no Agreement had been executed, and to request a formal hearing in this proceeding. In such

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SECTION 3 (1)

By 
Executive Director

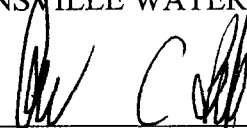
event, this Agreement shall not be binding upon any of the Parties and shall not be admitted into evidence or relied upon in any manner by either of the Parties, the Commission, or its Staff.

IN WITNESS WHEREOF, each of the Parties, by its duly authorized Chairman and attorney, has executed this Agreement as of the date first above written.

HOPKINSVILLE WATER ENVIRONMENT AUTHORITY

BY: 
ROBERT C. CARTER, CHAIRMAN

HOPKINSVILLE WATER ENVIRONMENT AUTHORITY

BY: 
ANDREW C. SELF, ATTORNEY

BY: 
HOLLAND McTYEIRE, III, ATTORNEY

CHRISTIAN COUNTY WATER DISTRICT

BY:  SH
ASHBEL BRUNSON, CHAIRMAN

CHRISTIAN COUNTY WATER DISTRICT
Have Seen and Approved as to Form and Legality

BY: 
J. MICHAEL FOSTER, CHRISTIAN CO. ATTORNEY

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SECTION 9 (1)

By 
Executive Director

Wholesale Water Rate for Christian County Water District

December 5, 2005

	<u>Rate/100 CF</u>	<u>Equivalent Rate/1000 Gals</u>
First 3000 CF	\$2.16	\$2.89
Next 3,000 CF	\$1.89	\$2.53
All Over 6,000 CF	\$1.37	\$1.83

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