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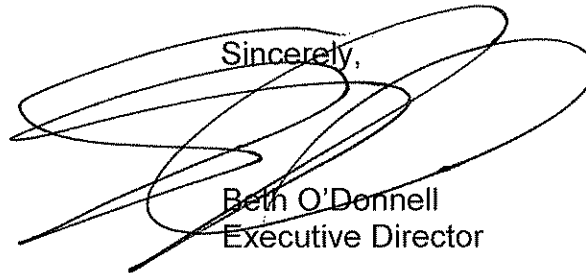
Gregory Coker
Commissioner

February 3, 2006

TO: PARTIES OF RECORD
RE: Case No. 2005-00437
Quarles v. Peaks Mill Water District

Enclosed please find a memorandum that has been filed in the record of the above-referenced case. Any comments regarding this memorandum's contents should be submitted to the Commission within five days of receipt of this letter. Questions regarding this memorandum should be directed to J.R. Goff at 502/564-3940, Extension 261.

Sincerely,



Beth O'Donnell
Executive Director

vh/
Enclosure

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: File: Case No. 2005-00437
FROM: J. R. Goff, Staff Attorney *J. R. G.*
DATE: February 3, 2006
RE: Quarles v. Peaks Mill Water District
Formal Complaint for Water Service

On January 31, 2006, an informal conference was held with Commission Staff and the parties in this matter. The names of those in attendance are shown on the attached sign-in sheet.

After discussing the procedure of the informal conference, the attorney for Peaks Mill reminded the parties that Peaks Mill Water District ("Peaks Mill") has a Motion to Dismiss pending and that their participation in the informal conference did not waive any rights under that motion.

Commission Staff opened the discussion by referring to a prior case involving Peaks Mill and the general service area in question. That case related to pressure problems in the area and the construction of a connection with the Kentucky-American system to relieve those pressure problems. During the informal conference, Peaks Mill and Kentucky-American responded that Peaks Mill had constructed a pipe approximately 700 feet into Owen County to connect with the Kentucky-American system; that a meter had been installed for sale of water to Peaks Mill by Kentucky American; and that this arrangement had alleviated the pressure problem for the Peaks Mill customers.

Staff asked if a plan recently announced whereby Peaks Mill would annex an area of Owen County for water service would affect the area in controversy here. While, it was in the general area, Peaks Mill indicated the proposed annexation would not affect this particular area or property.

The discussion then centered on service along this pipeline which is the issue in the present matter. Mr. Quarles stated that since the pipeline owned by Peaks Mill is placed directly in front of this property, Peaks Mill should provide him service. Peaks Mill's position is that while they presently serve Mr. Quarles from a meter set in Franklin County, they cannot serve him from the line in Owen County. It was Kentucky-American's position that they can serve Mr. Quarles from their line which adjoins Mr. Quarles's property. Mr. Quarles states that he considered this, but it would cost him approximately \$10,000 to run a service line due to the distance and subsurface rock.

Kentucky-American prepared a sketch of the area showing its main location in relation to the Quarles property. The sketch is attached hereto and will be placed in the record of this case for reference only.

It was suggested that Peaks Mill and Kentucky-American consider moving the meter to the county line and that Kentucky-American take over from Peaks Mill the approximate 700 feet of the line. Peaks Mill and Kentucky-American agreed to conduct a study of that possibility and report back to Commission Staff within 15 days.

No other agreement was reached by the parties and the meeting was adjourned.

Attachments

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

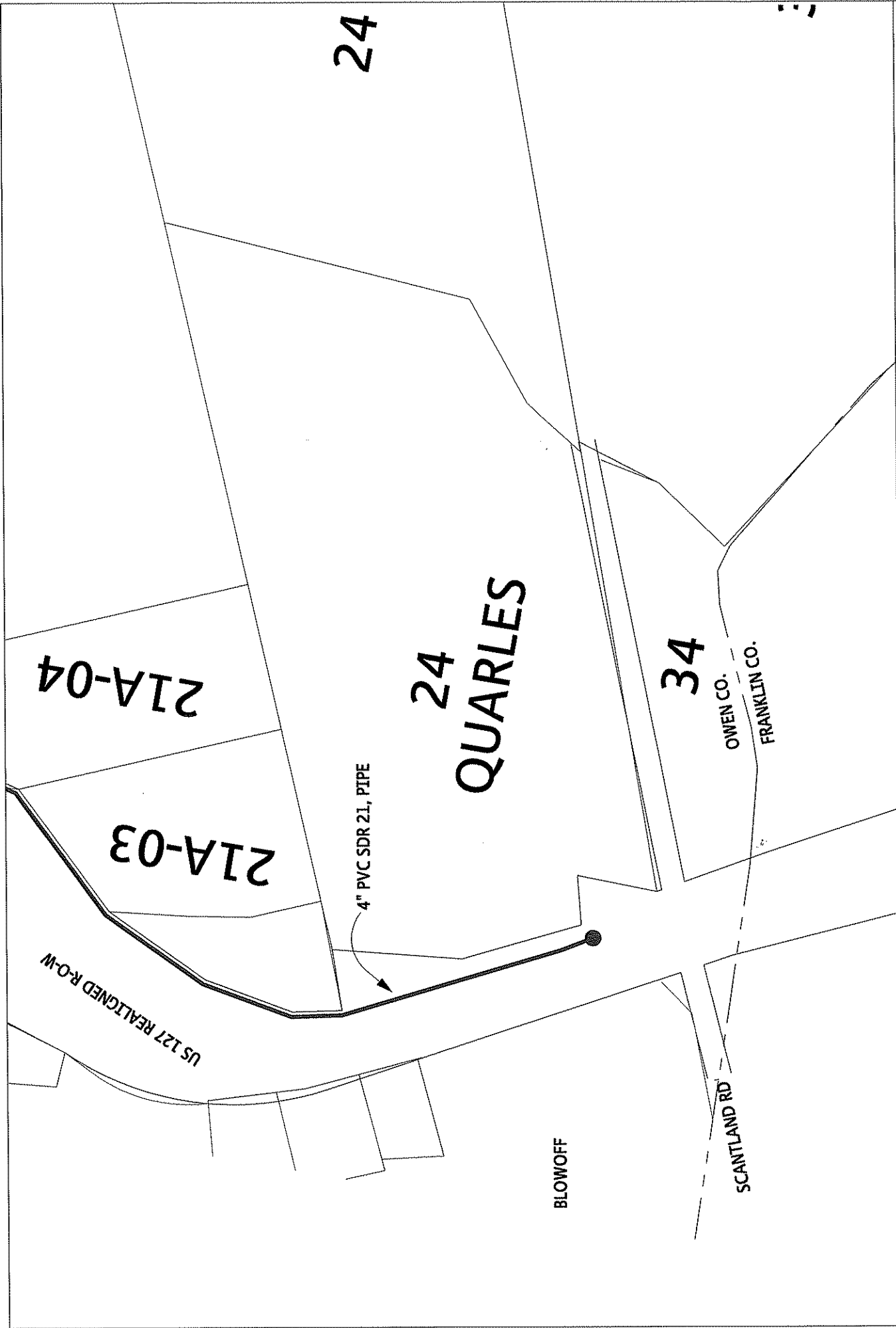
In the Matter of:

JEFFREY CHARLES QUARLES)
COMPLAINANT)
V.) CASE NO. 2005-00437
PEAKS MILL WATER DISTRICT)
DEFENDANT)

=====
January 31, 2006 Informal Conference
=====

Please sign in:

NAME	REPRESENTING
J. R. Goff	PSC
Scott Lawless	PSC
GEORGE W. WAKIM	PSC
Jess Thompson	PSC
Church Quarles	
Dale S. Gatewood	Peaks Mill Water
Thomas A. Marshall	Peaks Mill W. D.
Warner A. Broughman	Peaks Mill Water Dist.
Lowell W. Clark	Peaks M. W. Water Dist.
Jeffrey C. Quarles	Self
Herb Miller	Ky. Amer. Water Co.
LINDA BRIDWELL	KY AMERICAN WATER Co.



COUNTY: OWEN	 
LOCATION: SOUTHERN	
DRAWN BY: TJA	

**QUARLES PROPERTY
MAIN LOCATION**