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Frank Justice, II
Mayor

CITY OF PIKEVILLE

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City Manager

RECEIVED

FEB 02 2007

PUBLIC SERVICE
COMMISSION

Kentucky Public Service Commission
P.O. Box 615
211 Sower Boulevard
Frankfort, Kentucky 40602-0615

Attn: Ms. Beth A. O'Donnell, Executive Director

Re: Case No. 2006-00327

February 1st, 2007

Dear Executive Director O'Donnell

Please be advised that the City of Pikeville is in receipt of the Commission's Order dated January 22, 2007, in the case referenced above, and, as directed in Ordering Paragraph 2, the City does hereby give notice to the Commission of its acceptance of and agreement to be bound by the conditions delineated in Ordering Paragraph 1.

Please note, as regards Condition "b", relating to the 'rate of salaries to be paid to all persons employed by Sandy Valley as of January 1, 2006...to be not less than the pay rate on the date of this Order' after review of records and consultation with Southern Water and Sewer District, please be advised

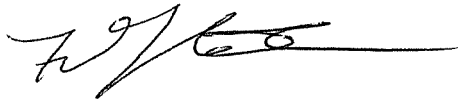
1. that, due to attrition, two employees of Sandy Valley have matriculated and since late summer 2006 the total number of Sandy Valley employees is five (5) and the City or Southern will offer employment to each of the remaining employees; and,
2. the City accepts and will pay those rates of pay to each employee as legally authorized by the Sandy Valley board of commissioners, as reflected in minutes of its meeting of May 10, 2004. Please understand that there is some confusion in this regard, in that Sandy Valley employee salary rates were increased in October of 2006. However, there is no evidence of legal action on the part of the Sandy Valley



board of commissioners, as reflected in meeting minutes, authorizing any change in employee salary rates. Actual gross, bi-weekly salary amounts for each employee, as legally authorized by the Sandy Valley board of commissioners, as shown below, being the same amounts to be paid by Pikeville and Southern to these employees.

Finally, be advised that as soon as the assumption of debt and related documentation is approved by the respective funding agencies, the transfer is expected to follow quickly and all actions called for in the ordering paragraphs of the Commission's Order will be completed in a timely manner and the Commission will be so informed.

Respectfully,



Mayor, City of Pikeville

Salary Rates for current employees of Sandy Valley to be paid by Pikeville or Southern, as appropriate.

<u>Employee</u>	<u>Gross, by-weekly \$ amount</u>
Boyd, D.	\$ 974.71
Clark, G.	1,294.04
Hall, G.	936.80
Hall, M.	936.80
Layne, P.	1,455.14