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May 22, 2009

RECEIVED

MAY 26 2009

PUBLIC SERVICE
COMMISSION

JAMES R GOFF ESQ
PUBLIC SERVICE COMMISSION
P O BOX 615
FRANKFORT KY 40602-0615

Re: Settlement Agreement regarding Case No. 2008-00484

Dear Mr. Goff:

I am sending you an original signed settlement agreement. Please let me know if you need anything else from us.

Respectfully submitted,

BOSWELL, SIMS & VASSEUR, PLLC



J. David Boswell
dboswell@boswell-law.com

JDB/tld
Enclosure
cc: Billy Downs, Ledbetter Water District

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION OF LEDBETTER WATER)	
DISTRICT AND WILLIAM P. DAE, CHAIRMAN;)	CASE NO.
TERRY TEITLOFF, VICE-CHAIRMAN; ARNIE)	2008-00484
PUCKETT, COMMISSIONER; BILL GILLAHAN,)	
COMMISSIONER, INDIVIDUALLY AND AS)	
OFFICERS OF THE UTILITY, FOR ALLEGED)	
VIOLATIONS OF KRS 278.015 AND 278.160)	

SETTLEMENT AGREEMENT

THIS AGREEMENT is made and entered this ___ day of May, 2009, by and between the STAFF OF THE PUBLIC SERVICE COMMISSION OF KENTUCKY ("Commission Staff") and Ledbetter Water District ("Ledbetter District") and William P. Dae, Chairman; Terry Teitloff, Vice-Chairman; Arnie Puckett, Commissioner; and Bill Gillahan, Commissioner, individually and as officers of the utility.

WITNESSETH:

WHEREAS, Ledbetter District is a Chapter 74 non-profit water district utility subject to the jurisdiction of the Commission, pursuant to KRS 278.010; and

WHEREAS, on February 13, 2009, the Public Service Commission entered an order establishing this case and directing Ledbetter District and William P. Dae, Chairman; Terry Teitloff, Vice-Chairman; Arnie Puckett, Commissioner; and Bill Gillahan, Commissioner, individually and as officers of the utility, to show cause why

each of them should not be subject to penalties for violation of KRS 278.015 and 278.160; and

WHEREAS, on February 26, 2009, Ledbetter District and William P. Dae, Chairman; Terry Teitloff, Vice-Chairman; Arnie Puckett, Commissioner; and Bill Gillahan, Commissioner, individually and as officers of the utility, by counsel, filed a response to the Commission's Order; and

WHEREAS, Ledbetter District and William P. Dae, Chairman; Terry Teitloff, Vice-Chairman; Arnie Puckett, Commissioner; and Bill Gillahan, Commissioner, individually and as officers of the utility, by counsel; and Commission Staff held an informal conference on March 4, 2009 to discuss all issues and any possible settlement of all matters; and

WHEREAS, Ledbetter District and William P. Dae, Chairman; Terry Teitloff, Vice-Chairman; Arnie Puckett, Commissioner; and Bill Gillahan, Commissioner, individually and as officers of the utility; and Commission Staff desire to settle the issues raised by this proceeding and have entered into this Settlement Agreement through compromise to settle this proceeding,

NOW, THEREFORE, Ledbetter District and William P. Dae, Chairman; Terry Teitloff, Vice-Chairman; Arnie Puckett, Commissioner; and Bill Gillahan, Commissioner, individually and as officers of the utility by counsel; and Commission Staff agree that:

1. Ledbetter District and William P. Dae, Chairman; Terry Teitloff, Vice-Chairman; Arnie Puckett, Commissioner; and Bill Gillahan, Commissioner, individually and as officers of the utility, waive a formal hearing before the Commission.

2. Ledbetter District shall be assessed a civil penalty of \$2,500 for a violation of KRS 278.015(2) and KRS 278.160(2) by failure to obtain Commission approval of its revised tariff showing the increase in the rate charged by its wholesale supplier. However, the civil penalty shall be probated for a period of two years conditioned upon no violations of KRS Chapter 278 or Commission regulations.

3. William P. Dae, Chairman; Terry Teitloff, Vice-Chairman; Arnie Puckett, Commissioner; and Bill Gillahan, Commissioner, individually and as officers of the utility, shall be assessed a civil penalty each of \$2,500 for a violation of KRS 278.015(2) for failure to obtain Commission approval of Ledbetter District's revised tariff showing the increase in the rate charged by its wholesale supplier. However, the civil penalty shall be probated for a period of two years conditioned upon the attendance of each Water Commissioner at two annual water district management training programs provided by the Kentucky Public Service Commission. After completion of said annual training, the probated civil penalty shall be forgiven.

3. Nothing contained herein shall be construed as an admission of a willful violation of any statute or administrative regulation by Ledbetter District and William P. Dae, Chairman; Terry Teitloff, Vice-Chairman; Arnie Puckett, Commissioner; and Bill Gillahan, Commissioner, individually and as officers of the utility; nor shall the Public Service Commission's acceptance of this agreement be construed as a finding of a willful violation of any statute or administrative regulation.

6. This Agreement is subject to the acceptance of and approval by the Public Service Commission.

7. If the Public Service Commission fails to accept and approve this Settlement Agreement in its entirety, this proceeding shall go forward and neither the terms of this Settlement Agreement nor any matters raised during settlement negotiations shall be binding on any signatory or be construed against either Ledbetter District, the Water Commissioners, or Commission Staff.

8. Commission Staff shall recommend to the Public Service Commission that this Settlement Agreement be accepted and approved.

IN WITNESS WHEREOF, Ledbetter District and William P. Dae, Chairman; Terry Teitloff, Vice-Chairman; Arnie Puckett, Commissioner; Bill Gillahan, Commissioner; and Commission Staff have executed this Settlement Agreement the day and year first above written.

STAFF OF PUBLIC SERVICE
COMMISSION OF KENTUCKY

LEDBETTER WATER DISTRICT

BY:

James R. Goff
TITLE: Staff Attorney

BY:

J. David Besnell
TITLE: atty

William Phillip Dae
William P. Dae, Chairman

Terry Teitloff
Terry Teitloff, Vice-Chairman

Arnie Puckett
Arnie Puckett, Commissioner

Bill Gillahan
Bill Gillahan, Commissioner