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OCT 14 2009

PUBLIC SERVICE
COMMISSION

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TRANSMITTAL COVER SHEET

Date: 10/13/09

Name: <u>Clerk</u>	Fax Number: <u>504-34160</u>
Company: <u>Ky Public Service Com.</u>	From: <u>Donna</u>
Re:	

Number of pages, including cover: 7

COMMENTS/SPECIAL INSTRUCTIONS

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

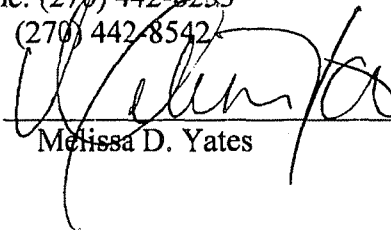
APPLICATION OF PURCHASE PUBLIC)	
SERVICE CORPORATION FOR A)	Case No. 2008-00346
CERTIFICATE OF PUBLIC CONVENIENCE)	
AND NECESSITY -- WASTEWATER)	
TREATMENT AND LAGOON)	

**SETTLEMENT AGREEMENT PROPOSED BY
PURCHASE PUBLIC SERVICE CORPORATION**

Comes the Purchase Public Service Corporation, by and through counsel, and pursuant to the discussion held with Staff during the Informal Conference on September 23, 2009, proposes the Settlement Agreement attached hereto and incorporated herein as Exhibit "A".

Respectfully Submitted,

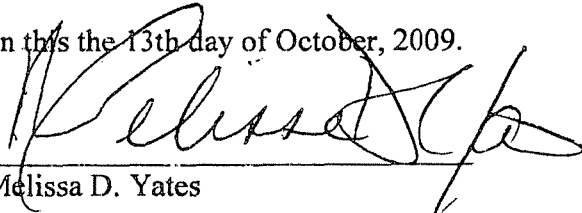
Denton & Keuler, LLP
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Phone: (270) 442-8253
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By: 
Melissa D. Yates

I hereby certify that 10 copies of the foregoing were filed with the Public Service Commission by faxing and mailing via U.S. Postal Service to:

JEFF DEROUEN
PUBLIC SERVICE COMMISSION
215 SOWER BLVD
P O BOX 615
FRANKFORT KY 40601
Fax: (502) 564-3460

on this the 13th day of October, 2009.



Melissa D. Yates

PROPOSED SETTLEMENT AGREEMENT

THIS PROPOSED SETTLEMENT AGREEMENT is made and entered this ____ day of _____, 2009, by and between COMMISSION STAFF; PURCHASE PUBLIC SERVICE CORPORATION, a not-for-profit corporation created pursuant to KRS 273.161, et. seq. ("PPSC"); DON ELIAS; KEVIN MURPHY; RICHARD NASH; RICHARD BURNLEY; MELISSA ROWLAND; KEVIN LEONARD; GREG PRUITT; GARY CARLTON, DAVID RAMEY, JEFF HOWARD, BOBBY SIRLS, DOUG HARNICE, VAN NEWBERRY, ARTHUR BYRN, LARRY ELKINS, CLYDE ELROD, JODY BROWN, and MATT BING, individually and as members of PPSC's Board of Directors (hereinafter collectively referred to as "Board Members").

WITNESSETH:

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

WHEREAS, By Order dated November 15, 2007, the Kentucky Public Service Commission initiated this proceeding to determine whether PPSC and its Board Members, both in their individual and official capacities, should be subject to the penalties prescribed in KRS 278.020 (1) by constructing its facilities without first obtaining a Certificate of Public Necessity and Convenience; and,

WHEREAS, PPSC, the Board Members and the Commission Staff desire to propose a settlement of this matter to the Commission and have entered into this Proposed Settlement Agreement in furtherance thereof.

NOW THEREFORE, the PPSC and its Board Members and the Commission Staff agree that:

1. PPSC and the Board Members, waive a formal hearing before the Commission.
2. PPSC and the Board Members do not admit any intentional violation of KRS 278.020.
3. PPSC's staff consists of Mark Davis and Adam Scott.
4. Whereas, PPSC's Board has delegated responsibility for the day-to-day operations of PPSC, including regulatory filings, to its staff.
5. Without admitting to a knowing violation of KRS 278.020, PPSC does agree that, in an effort to gain additional training regarding Commission requirements, rules, and regulations, PPSC staff shall attend the 2009 Water Personnel Training Seminars presented by the Commission and Kentucky Rural Water Association on November 4-5, 2009 at Kentucky Dam Village State Resort Park.
6. Further, PPSC shall invite and strongly encourage all of the current members of its Board of Directors to attend the 2009 Water Personnel Training Seminar.
7. Upon the written acknowledgement by each of PPSC's staff members that each such staff member attended the Water Personnel Training Seminars, this case shall be dismissed with prejudice.
8. Nothing contained herein shall be construed as an admission of a willful violation of any statute or administrative regulation by PPSC or the Board Members; nor shall the Commission's acceptance of this agreement be construed as a finding of a willful violation of any statute or administrative regulation.
9. In the event that the Commission does not accept this Stipulation in its entirety,

PPSC and its Board Members and Staff reserve their rights to withdraw there from and require that a hearing be held on any and all issues involved herein, and that none of the provisions contained herein shall be binding upon the parties thereto, used as an admission by PPSC of any liability in any legal proceeding or lawsuit relating to the construction of PPSC's facilities, or otherwise used as an admission by either party.

10. This Stipulation is for use in Commission Case No. 2009-00346, and neither party hereto shall be bound by any part of this Stipulation in any other proceeding, except that this Stipulation may be used in any proceeding by the Commission to enforce the terms of this Stipulation or to conduct a further investigation of PPSC, and PPSC shall not be precluded or estopped from raising any issue, claim, or defense therein by reason of the execution of this Stipulation.

11. PPSC and Commission Staff agree that the foregoing Stipulation is reasonable, is in the public interest, and should be adopted in its entirety by the Commission. If so adopted by the Commission, PPSC and the Board Members agree to waive its right to a hearing and will not file any petition for rehearing or seek judicial appeal.

IN WITNESS WHEREOF, PPSC, its Board Members, and the Commission have executed this Settlement Agreement the day and year first above written.

DON ELIAS

KEVIN MURPHY

MATT BING

RICHARD NASH

RICHARD BURNLEY

MELISSA ROWLAND

KEVIN LEONARD

GREG PRUITT

GARY CARLTON

DAVID RAMEY

JEFF HOWARD

BOBBY SIRLS

DOUG HARNICE

VAN NEWBERRY

ARTHUR BYRN

LARRY ELKINS

CLYDE ELROD

JODY BROWN

Purchase Public Service Corporation

By: _____

Title: _____

Staff of the Kentucky Public Service Commission

By: _____

Todd Osterloh, Counsel for the Staff