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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

APR 21 2010

**PUBLIC SERVICE
COMMISSION**

IN THE MATTER OF:)
ALTERNATIVE RATE FILING APPLICATION)
FOR MIDDLETOWN WASTE DISPOSAL, INC.) Case No. 2009-00227

SETTLEMENT AGREEMENT, STIPULATION AND RECOMMENDATION

It is the intent and purpose of the parties to this proceeding, Middletown Waste Disposal, Inc. (MWD) and the Attorney General of the Commonwealth of Kentucky ("AG"), to express their agreement on a mutually satisfactory resolution of all of the issues in the instant proceeding.

It is understood by all parties that this Settlement Agreement, Stipulation and Recommendation ("Agreement") is not binding upon the Public Service Commission ("Commission"), nor does it represent agreement on any specific theory supporting the appropriateness of any recommended adjustments to MWD's rates. The parties have expended considerable efforts to reach the agreements that form the basis of this Agreement. The parties, representing diverse interests and divergent viewpoints, agree that this Agreement, viewed in its entirety, constitutes a reasonable resolution of all issues in this proceeding.

The adoption of this Agreement will eliminate the need for the Commission and the parties to expend significant additional resources litigating this proceeding, and eliminate the possibility of, and any need for, hearing, rehearing or appeals of the Commission's final order herein. The parties agree that this Agreement is supported by sufficient and adequate data and information, and should be approved by the Commission. Based upon the parties' participation in settlement conferences and the materials on file with the Commission, and upon the belief that the parties' participation in the settlement conferences, and that these materials adequately support this Agreement, the parties hereby agree to, stipulate and recommend the following:

1. MWD should be authorized to adjust its rates in order to permit it to recover \$49,288.00 more in annual revenue than it is recovering under its current rates, with such revised rates to be effective for service rendered on and after 1 May 2010. The increased revenue requirement shall be reflected in increases to the customer charges associated with MWD's rate schedules as reflected in the tariff sheets attached as Exhibit A, which will be filed upon the Commission's approval of this Agreement. These tariff sheets reflect rates that are designed to allow MWD to recover the increased revenue from its various classes of customers in the manner agreed to by the parties to this Agreement. The parties agree that these rates are fair, just and reasonable.

2. The parties to this proceeding agree that if the Agreement is approved, MWD will file a rate application with this Commission no later than 36 months following entry of a final Commission Order granting approval of the settlement.

3. The parties to this proceeding agree that if the Agreement is approved, they will continue to communicate on a regular basis, on a frequency and in a manner mutually agreeable to the parties, regarding issues relating to the utility including its financial performance, operations and maintenance, construction needs, and funding requirements.

4. The parties agree that, following the execution of this Agreement, they will cause the Agreement to be filed with the Commission together with a request to the Commission for consideration and approval of the Agreement for rates to become effective on 1 May 2010. The parties agree that this Agreement is subject to the acceptance and approval by the Commission and they further agree to act in good faith and use their best efforts to recommend to the Commission that this Agreement be accepted and approved.

5. Each party waives all cross-examination of the other parties' witnesses except for supporting this Agreement unless the Commission disapproves this Agreement, and each party further stipulates and recommends that, without limitation, the Notice of Intent, Notice, Application, testimony, pleadings and responses to data requests filed in this proceeding be admitted into the record.

6. This Agreement is submitted for purposes of this case only and is not deemed binding upon the parties in any other proceeding, nor is it to be offered or relied upon in any other proceeding involving MWD or any other utility.

7. If the Commission issues an order adopting this Agreement in its entirety, each of the parties agrees that it shall file neither an application for hearing or rehearing with the Commission, nor an appeal to the Franklin Circuit Court with respect to such order.

8. In the event the Commission should reject or modify all or any portion of this Agreement, or impose additional conditions or requirements upon the parties, each party shall have the right, within twenty (20) days of the Commission's order, to either file an application for hearing, rehearing or terminate and withdraw from the Agreement by filing a notice with the Commission. Upon hearing or rehearing, any party shall have the right within fifteen (15) days of the Commission's order on hearing or rehearing to file a notice of termination or withdrawal from this Agreement. In such event, the terms of this Agreement shall not be deemed binding upon the parties and the Agreement shall not be admitted into evidence, or referred to, or relied upon in any manner by any party. Should any party require that hearings go forward pursuant to this paragraph, then the parties agree that all parties should be permitted to move the Commission for the establishment of a procedural schedule which would permit the

parties to submit evidence that has not been submitted as a result of reaching this Agreement.

9. The parties agree that this Agreement is a fair, just and reasonable resolution of the issues in this proceeding and is in the best interests of all concerned. The parties urge the Commission to adopt the Agreement in its entirety.

10. The parties agree that this Agreement shall inure to the benefit of and be binding upon the parties and their successors and assigns.

11. The parties agree that this Agreement constitutes the complete understanding among the parties and any and all oral statements, representations or agreements made prior to the execution of this Agreement shall be null and void and shall be deemed to have been merged into this Agreement.

12. The signatories to this Agreement warrant that they have informed, advised and otherwise consulted with the parties for whom they sign regarding the contents and significance of this Agreement, and, based upon those communications, the signatories represent they are authorized to execute this Agreement on behalf of the parties.

13. The parties agree that this Agreement may be executed in multiple counterparts.

MIDDLETOWN WASTE DISPOSAL, INC.

HAVE SEEN AND AGREED:

By *James E. Jones* *Sec. Treas*

ATTORNEY GENERAL OF KENTUCKY

HAVE SEEN AND AGREED:

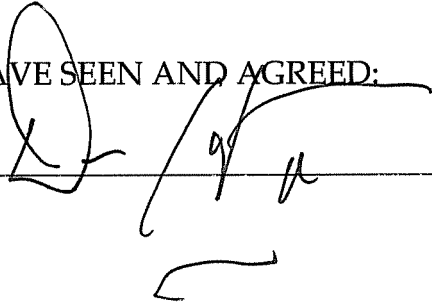
By  _____

EXHIBIT “A”

FOR _____
Community, Town or City

P.S.C. KY. NO. _____

_____ SHEET NO. _____

MIDDLETOWN WASTE DISPOSAL, INC
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

RATES AND CHARGES

Residential Rate

\$20.10 per month

Industrial Rate

First 20,000 Gallons
Over 20,000 Gallons

\$107.20 minimum bill
\$5.36 per 1,000 gallons

Commercial Rate

First 7,500 Gallons
Over 7,500 Gallons

\$40.20 minimum bill
\$5.36 per 1,000 gallons

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE _____
Month / Date / Year

ISSUED BY _____
(Signature of Officer)

TITLE _____

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____