

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION OF CLIFFVIEW)
DEVELOPMENT, LLC; J. HUNT PERKINS; AND) CASE NO. 2007-00144
THE CITY OF CAMPTON FOR ALLEGED)
VIOLATIONS OF KRS 278.020(5) AND (6))

ORDER

On April 11, 2007, the Commission directed Cliffview Development, LLC ("Cliffview"), J. Hunt Perkins, and the city of Campton, Kentucky ("Campton") to show cause why they should not be penalized pursuant to KRS 278.990(1) for their alleged violations of KRS 278.020(5) and (6). The Commission's action followed notice of the transfer of control and ownership of the water distribution facilities that Cliffview owns to Campton without prior Commission authorization. Commission Staff, J. Hunt Perkins, and Campton have reached an agreement resolving this matter and have jointly submitted that agreement for Commission approval.

Having reviewed the Settlement Agreement and the evidence of record, the Commission finds that:

1. Cliffview operated a water distribution utility as part of a resort development in Lee and Wolfe counties, Kentucky.
2. As a result of the operation of this water distribution system, Cliffview was a utility subject to Commission jurisdiction.
3. On August 8, 2003, Lee Circuit Court ordered that a receiver be appointed to control, manage, and operate Cliffview's assets. A Special Commissioner of Lee

Circuit Court subsequently transferred the resort development, including the water distribution facilities, to Whittaker Bank, N.A.

4. On January 4, 2005, Whittaker Bank, N.A. transferred the water distribution system to Campton.

5. J. Hunt Perkins was listed as Cliffview's registered agent/manager on the records of the Kentucky Secretary of State.

6. The Kentucky Secretary of State administratively dissolved Cliffview on November 2, 2006.

7. J. Hunt Perkins and Campton failed to obtain Commission authorization prior to the transfer and ultimate acquisition of the water distribution facilities located on the resort development property.

8. J. Hunt Perkins and Campton failed to comply with KRS 278.020(5) and (6).

9. The Settlement Agreement is in accordance with the law, does not violate any regulatory principle, results in a reasonable resolution of this case, and is in the public interest.

IT IS THEREFORE ORDERED that:

1. The Settlement Agreement, appended hereto, is incorporated into this Order as if fully set forth herein.

2. The terms and conditions set forth in the Settlement Agreement are adopted and approved.

3. J. Hunt Perkins and Campton are each assessed a civil penalty of \$250 for their failure to comply with KRS 278.020(5) and (6).

4. Within 30 days of the date of this Order, J. Hunt Perkins and Campton each shall pay to the Commonwealth \$250. This payment shall be in the form of a cashier's check made payable to "Kentucky State Treasurer" and shall be mailed or delivered to: Office of General Counsel, Public Service Commission of Kentucky, 211 Sower Boulevard, Post Office Box 615, Frankfort, Kentucky 40602.

5. Subject to the filing of a timely petition for rehearing pursuant to KRS 278.400, these proceedings are closed. The Executive Director shall place any future filings in the appropriate utility's general correspondence file or shall docket the filing as a new proceeding.

Done at Frankfort, Kentucky, this 7th day of September, 2007.

By the Commission

ATTEST:


Executive Director

Case No. 2007-00144

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2007-00144 DATED September 7, 2007

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION OF CLIFFVIEW)	
DEVELOPMENT, LLC, J. HUNT PERKINS, AND)	CASE NO.
THE CITY OF CAMPTON FOR ALLEGED)	2007-00144
VIOLATIONS OF KRS 278.020(5) AND (6))	

SETTLEMENT AGREEMENT

THIS AGREEMENT is made and entered into this _____ day of July, 2007, by and between the STAFF OF THE PUBLIC SERVICE COMMISSION OF KENTUCKY ("Commission Staff") and CLIFFVIEW DEVELOPMENT, LLC ("Cliffview"), J. HUNT PERKINS, and the city of CAMPTON, KENTUCKY.

WITNESSETH:

WHEREAS, Cliffview Development, LLC operated a water utility as a part of a resort development in Lee and Wolfe counties, Kentucky, and as such was subject to Commission jurisdiction pursuant to KRS 278.040; and

WHEREAS, Cliffview has filed in the record documents indicating Cliffview was placed in receivership by order of the Lee Circuit Court on August 8, 2003; that the entire Cliffview resort property, including the utility, was consequently transferred by the Special Commissioner of the Lee Circuit Court to Whittaker Bank, N.A.; and

WHEREAS, the utility was transferred to the city of Campton, Kentucky by an agreement dated January 4, 2005; and

WHEREAS, J. Hunt Perkins was listed as the registered agent/manager of Cliffview; and

WHEREAS, Cliffview was administratively dissolved by the Kentucky Secretary of State on November 2, 2006, pursuant to statute; and

WHEREAS, on March 27, 2007, an Order was issued in the above-captioned case to Cliffview Development, LLC and J. Hunt Perkins, individually and as a manager of Cliffview Development, LLC, and the city of Campton, Kentucky, requiring each of them to show cause why each should not be assessed penalties pursuant to KRS 278.990(1) for violation of KRS 278.020(5) and (6); and

WHEREAS, an informal conference was held on May 23, 2007, between the parties and Commission Staff for the purpose of discussing the issues and negotiating an agreement to settle the issues raised in the proceeding herein;

NOW, THEREFORE, in consideration of the premises, promises, covenants, and representations set forth herein, J. Hunt Perkins, individually and as a former manager of Cliffview Development, LLC; the city of Campton, Kentucky; and Commission Staff agree that:

1. All parties each waive a formal hearing of all matters in this case.
2. J. Hunt Perkins, individually and as a former manager of Cliffview Development, LLC, and the city of Campton acknowledge that there has been a violation of KRS 278.020 (5) & (6) by the parties.
3. J. Hunt Perkins, individually and as a former manager of Cliffview Development, LLC, and the city of Campton agree to be assessed, each, a civil penalty of \$250.00 for the violations as listed in this agreement. Said amount shall be paid by a

cashier's check payable to "Kentucky State Treasurer" and delivered to the Office of the General Counsel, Public Service Commission of Kentucky, 211 Sower Boulevard, Post Office Box 615, Frankfort, KY 40602 within 20 days from the date of an Order of the Commission approving this Settlement.

4. This agreement is subject to the acceptance of and approval by the Public Service Commission.

5. If the Public Service Commission fails to accept and approve this agreement in its entirety, this proceeding shall go forward, and neither the terms of this agreement nor any matters raised during settlement negotiations shall be binding on or be construed against J. Hunt Perkins, individually and as a former manager of Cliffview Development, LLC, the city of Campton, or Commission Staff.

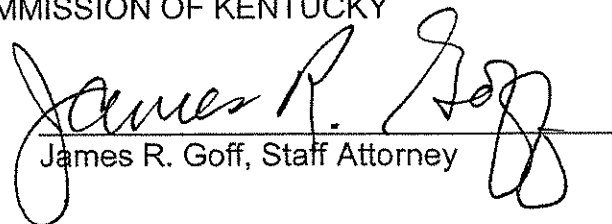
6. Any officer of Cliffview signing this agreement certifies he has knowledge of the matters herein and is duly designated by the utility to enter into this agreement.

7. Commission Staff shall recommend to the Public Service Commission that this agreement be accepted and approved.

IN WITNESS WHEREOF, J. Hunt Perkins, individually and as a former manager of Cliffview Development, LLC, the city of Campton, and Commission Staff have executed this agreement.

STAFF OF THE PUBLIC SERVICE
COMMISSION OF KENTUCKY

BY:


James R. Goff, Staff Attorney

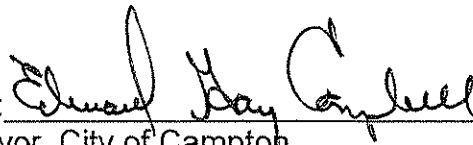
THE CITY OF CAMPTON

BY: _____
Mayor, City of Campton



J. Hunt Perkins

THE CITY OF CAMPTON

BY: 

Mayor, City of Campton

J. Hunt Perkins