

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | | |
|---------------------------------------|---|---------------------|
| APPLICATION OF BREATHITT COUNTY WATER |) | |
| DISTRICT FOR AUTHORIZATION TO ENTER |) | |
| LOAN AGREEMENT WITH KENTUCKY |) | CASE NO. 2010-00042 |
| INFRASTRUCTURE AUTHORITY |) | |

ORDER

Breathitt County Water District ("Breathitt District") has moved for leave to file an Amended Application and to deviate from the requirements of 807 KAR 5:001, Sections 6 and 9,¹ to allow the acceptance of its annual report for calendar year ending December 31, 2008 ("Annual Report") as its Financial Exhibit.

Having considered the motion and being otherwise sufficiently advised, the Commission finds that:

1. Breathitt District has already constructed the proposed KY 30 West Waterline Extension, the facilities for which it originally applied for a Certificate of Public Convenience and Necessity.

¹ 807 KAR 5:001, Section 11(2)(a), requires an applicant seeking authority to issue evidence of indebtedness to file a financial exhibit with its application. 807 KAR 5:001 Section 6, requires that the financial exhibit cover operations for a twelve-(12) month period that ends not more than ninety (90) days prior to the date the application is filed.

2. As no Certificate of Public Convenience and Necessity may be granted for facilities already constructed,² that portion of Breathitt District's Application requesting a Certificate is moot and no longer requires Commission review.

3. Breathitt District's annual financial and statistical report for the calendar year ending December 31, 2008 ("Annual Report") has been filed with the Commission, has been incorporated by reference into its Amended Application, and provides the information that 807 KAR 5:001, Section 6, requires. The Annual Report, however, does not cover a period ending no more than 90 days prior to the filing of the Amended Application.

4. As Commission authorization for Breathitt District to enter the proposed Assistance Agreement with the Kentucky Infrastructure Authority and actual execution of the Assistance Agreement must occur no later than February 17, 2010 to permit Breathitt District to qualify for funds under the American Restoration and Recovery Act, and as preparation of a financial exhibit would require considerable work and time, Breathitt District does not have sufficient time to prepare a financial exhibit covering a period ending no more than 90 days prior to the filing of the Amended Application.

5. No material change has occurred in Breathitt District's financial condition since December 31, 2008.

6. The Amended Application contains sufficient information to permit the Public Service Commission to render a decision regarding Breathitt District's Application.

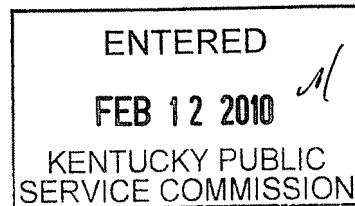
² Case No. 1992-00532, *Boone County Water and Sewer District* (Ky. P.S.C. Dec. 9, 1993); Case No. 1990-00305, *Southern Madison Water District* (Ky. P.S.C. Nov. 1, 1991).

7. Good cause exists to grant a deviation from the requirements of 807 KAR 5:001, Sections 6 and 9, to permit the use of the Annual Report as Breathitt District's Financial Exhibit.

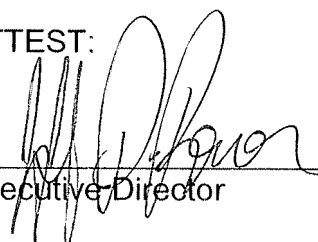
IT IS THEREFORE ORDERD that:

1. Breathitt District's Motion to File an Amended Application and for a Deviation from 807 KAR 5:001, Sections 6 and 9, is granted.
2. Breathitt District is granted leave to deviate from 807 KAR 5:001, Sections 6 and 9, to permit the use of its Annual Report as its Financial Exhibit.
3. Breathitt District's Amended Application is accepted for filing.

By the Commission



ATTEST:


Executive Director

Honorable Brendon D Miller
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