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Mark David Goss
Chairman

John W. Clay
Vice Chairman

Caroline Pitt Clark
Commissioner

January 29, 2008

RE: Case No. 2008-00017

We enclose one attested copy of the Commission's Order in the above case.

Sincerely,

A handwritten signature in black ink, appearing to read "Beth O'Donnell".

Beth O'Donnell
Executive Director

BOD/tw
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

SPECIAL CONTRACT BETWEEN BREATHITT)
COUNTY WATER DISTRICT AND KENTUCKY) CASE NO. 2008-00017
MOUNTAIN COLLEGE FOR WATER SERVICE)

ORDER

Breathitt County Water District ("Breathitt District") has submitted a proposed contract with Kentucky Mountain Bible College for the provision of water service. Having reviewed this contract and finding that further proceedings are necessary to determine the reasonableness of the proposed contract, the Commission HEREBY ORDERS that:

1. This proceeding is established to investigate the reasonableness of the proposed contract.

2. a. Within 20 days of the date of this Order, Breathitt District shall file with the Commission the information listed in Appendix A of this Order. Breathitt District's responses shall be appropriately bound, tabbed and indexed and shall include the name of the witness responsible for responding to the questions related to the information provided, with copies to all parties of record and 5 copies to the Commission.

b. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or

person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

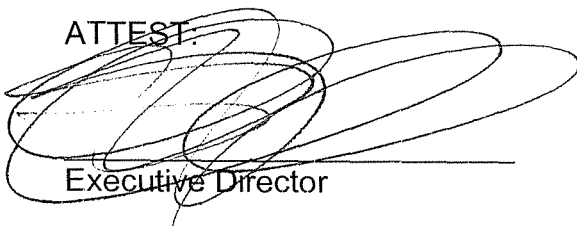
c. Breathitt District shall make timely amendment to any prior responses if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect.

d. For any requests that Breathitt District fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Done at Frankfort, Kentucky, this 29th day of January, 2008.

By the Commission

ATTEST:

A large, complex handwritten signature in black ink, consisting of multiple overlapping loops and lines, covering the text 'ATTEST:' and extending over the text 'Executive Director'.

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2008-00017 DATED JANUARY 29, 2008

1. Provide the minutes of each meeting of Breathitt District's Board of Commissioners in which the proposed contract was discuss.

2. Provide all correspondence between Breathitt District and Kentucky Mountain Bible College regarding the proposed contract and the provision of water service to Kentucky Mountain Bible College.

3. a. State Kentucky Mountain Bible College's expected average monthly purchase of water.

b. Explain how Kentucky Mountain Bible College's expected average monthly purchase of water was derived. Show all calculations and state all assumptions used to derive the monthly purchase amount.

4. State how Breathitt District derived the rates set forth in the proposed contract.

5. Explain why Breathitt District intends to provide water service to Kentucky Mountain Bible College at rates that differ from those currently set forth in its filed tariff. This response should identify all characteristics of Kentucky Mountain Bible College's usage that differ from those of Breathitt District's other customers.

6. Identify each person who developed the rates that are set forth in the proposed contract and state his or her position with Breathitt District.

7. State whether the provision of water service to Kentucky Mountain Bible College is for fire protection service only.

8. a. State the number and nature of the buildings on Kentucky Mountain Bible College's campus.
- b. State the number of persons who would be at the campus site during a normal business day.
- c. State the number of persons who would reside on the campus.