

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF LEXINGTON-SOUTH ELKHORN)
WATER DISTRICT AND KENTUCKY-AMERICAN)
WATER COMPANY FOR THE APPROVAL OF THE)
PURCHASE BY KENTUCKY-AMERICAN WATER)
COMPANY OF THE ASSETS OF THE LEXINGTON-)
SOUTH ELKHORN WATER DISTRICT, FOR) CASE NO. 9926
APPROVAL OF RATES TO BE CHARGED FOR)
SERVICE WITHIN THE BOUNDARIES OF THE)
LEXINGTON-SOUTH ELKHORN WATER DISTRICT)
AFTER ACQUISITION AND FOR A CERTIFICATE)
OF CONVENIENCE AND NECESSITY AUTHORIZING)
THE CONSTRUCTION OF CERTAIN IMPROVEMENTS)

O R D E R

On October 13, 1987, Lexington-South Elkhorn Water District ("District") filed a Petition for Rehearing. The petition alleges that it has information which will indicate the level of subsidy anticipated by the Commission as it relates to extension of service to the District is reasonable. It seeks rehearing to offer evidence to support the terms of the contract between it and Kentucky-American Water Company.

The Commission stated in the Order of September 23, 1987, that it would consider modification to the contract which reflects a balancing of regional water supply and cost sharing. In an effort to achieve this balance, the Commission will grant rehearing to give the parties the opportunity to submit a mutually agreeable modification of Section 5 of the contract. This proposal should be filed with the Commission within 30 days and be

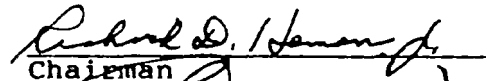
fully explained and documented. Upon receipt of this proposal, the Commission will determine the need for further investigation and hearings.

IT IS ORDERED that:

1. Rehearing is granted; and
2. The parties shall file a mutually agreeable modification of Section 5 of the contract within 30 days of this Order.

Done at Frankfort, Kentucky, this 2nd day of ~~November~~, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director