

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

FEB 10 2010

**PUBLIC SERVICE
COMMISSION**

In the Matter of:

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

AMENDED APPLICATION

Breathitt County Water District ("Applicant") states the following for its Amended Application:

1. Applicant is a water district created pursuant to KRS Chapter 74.
2. Applicant's postal address is: Breathitt County Water District, 1137 Main Street, Jackson, Kentucky 41339.
3. Pursuant to KRS 278.300, Applicant seeks authorization from the Public Service Commission to enter an Assistance Agreement with the Kentucky Infrastructure Authority ("KIA") to borrow \$572,000. Under the terms of this Agreement, approximately 54.1 percent of the principal amount, or \$309,452, will be forgiven. Applicant will incur total loan indebtedness of \$262,548 that will be paid over a 20-year period at an interest rate of 1 percent per annum. The loan involves funding made available as a result of the American Recovery and Reinvestment Act of 2009 and is subject to the provisions set forth in that law.

4. Applicant's annual report for calendar year ending December 31, 2008 ("Annual Report") has been filed with the Public Service Commission and is incorporated by reference into this Amended Application.

5. All exhibits and attachments to the Applicant's original Application, which was filed with the Public Service Commission on February 1, 2010, are incorporated by reference into this Amended Application.

6. A description of Applicant's property is set forth in the Annual Report.

7. Applicant will use the proceeds of the proposed Assistance Agreement to pay the construction costs of the KY 30 West Waterline Extension Project, which consists of 8.7 miles of various sized water lines ranging in sizes from 8-inch to 4-inch and which will serve approximately 79 customers. Construction on the proposed project was completed on December 31, 2009. A complete description of the construction is set forth in the Final Engineering Report that is attached as an exhibit to Applicant's original Application.

8. Applicant has not issued any trust deeds or mortgages.

9 Applicant has not issued any stock or bonds.

10. Applicant has issued a bond anticipation note in the amount of \$1,261,000 to the Kentucky Area Development District. Interest on the note is 4.85 per annum. For the calendar year ending December 31, 2008, Applicant paid \$45,070 in interest related to this note. All other information regarding this note can be found in Case No. 2007-00497.

11. Applicant has no other outstanding evidences of indebtedness at this time.

12. Applicant has not paid any dividends.

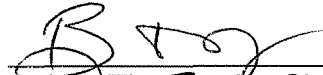
13. A detailed income statement and balance sheet are set forth in the Annual Report that is on file with the Public Service Commission.

14. The proposed loan will not result in an increase in Applicant's existing rates for water service.

15. The proposed loan agreement is for a lawful object within Applicant's corporate purposes, is necessary and appropriate for and consistent with Applicant's proper performance of its service to the public and will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purpose.

WHEREFORE, Applicant requests that the Public Service Commission authorize it to enter the proposed Assistance Agreement with the Kentucky Infrastructure Authority to borrow \$572,000, 54.1 percent of the principal to be forgiven over the life of the loan and the remaining portion to be repaid over a 20-year period at an interest rate of one percent per annum.

BREATHITT COUNTY WATER DISTRICT

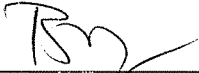
By: 
Bobby Thorpe, Jr., Chairperson


Brendon D. Miller
Breathitt County Attorney
Counsel for Applicant
1149 Main Street
Jackson, Kentucky 41339
(606) 666-4400

VERIFICATION

The undersigned, BOBBY THORPE, JR., being duly sworn, states that he is the Chairperson of the Board of Commissioners of Breathitt County Water District; that he has read the Amended Application; and that the Amended Application's contents are true and correct.

IN TESTIMONY WHEREOF, witness the signature of the undersigned on this ___ day of February, 2010.

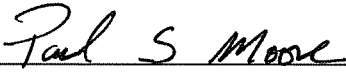


BOBBY THORPE, JR.

COMMONWEALTH OF KENTUCKY

COUNTY OF BREATHITT

The foregoing was subscribed and sworn to before me by Bobby Thorpe, Jr., Chairperson of the Board of Commissioners of the Breathitt County Water District, on this 9th day of February, 2010.



NOTARY PUBLIC
Commission Expires: 10/4/2013