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Honorable John N. Hughes
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124 West Todd Street
Frankfort, KY 40601

September 22, 2006

RE: Case No. 2006-00327

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/jc
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE JOINT APPLICATION OF SANDY VALLEY)	
WATER DISTRICT, SOUTHERN WATER AND)	
SEWER DISTRICT AND THE CITY OF)	
PIKEVILLE FOR APPROVAL OF THE)	CASE NO. 2006-00327
TRANSFER OF FACILITIES AND FOR THE)	
ASSUMPTION OF DEBT BY SOUTHERN)	
WATER AND SEWER DISTRICT)	

ORDER

Sandy Valley Water District ("Sandy Valley"), Southern Water and Sewer District ("Southern District"), and the city of Pikeville, Kentucky ("Pikeville") (jointly "Petitioners") have applied to the Commission for authority to transfer Sandy Valley's existing water assets and customers to Southern District and Pikeville. Southern District further applies for authority to assume a portion of Sandy Valley's existing debt obligations

On July 31, 2006, the Commission denied Petitioners' request for a deviation from certain provisions of Administrative Regulation 807 KAR 5:001, Section 6, and directed Petitioners to comply with these provisions. On August 25, 2006, Petitioners supplemented their application to meet these provisions. This supplemental filing does not meet the requirements of 807 KAR 5:001, Section 6(9), as the financial exhibit does not contain a detailed income statement and balance sheet for a 12-month period ending within 90 days of the initial application. The income statements and balance sheets cover only 1-month, 6-month and 7-month periods prior to the application's initial filing.

Because these income statements and balance sheets when considered in conjunction with those previously submitted will allow a review of the required 12-month period, the Commission, on its own motion, finds that the Petitioners should be permitted to deviate from Administrative Regulation 807 KAR 5:001, Section 6(9), and that their application should be considered filed as of the date of this Order.

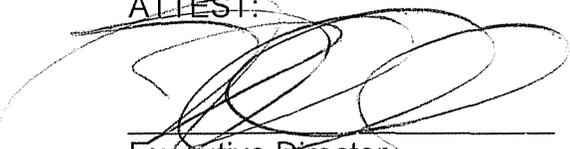
IT IS THEREFORE ORDERED that:

1. Petitioners are permitted to deviate from Administrative Regulation 807 KAR 5:001, Section 6(9).
2. Petitioners' application is deemed filed as of the date of this Order.

Done at Frankfort, Kentucky, this 22nd day of September, 2006.

By the Commission

ATTEST:



Executive Director