

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BLACK MOUNTAIN UTILITY)	
DISTRICT OF HARLAN COUNTY, KENTUCKY, FOR A)	
CERTIFICATE OF PUBLIC CONVENIENCE AND)	CASE NO. 95-194
NECESSITY TO CONSTRUCT, FINANCE AND INCREASE)	
RATES PURSUANT TO KRS 278.023)	

O R D E R

On May 25, 1995, the Commission issued its Order approving the application of Black Mountain Utility District ("Black Mountain") for a Certificate of Public Convenience and Necessity to construct a \$1,399,600 waterworks improvement project, its plan for financing the project, and its proposed adjustments to its water service rates. Black Mountain's application was made pursuant to KRS 278.023, which requires the Commission to accept agreements between water utilities and the U.S. Department of Agriculture and to issue necessary orders to implement the terms of those agreements within 30 days of satisfactory completion of the minimum filing requirements. The Commission's Order directed Black Mountain to file its tariff sheets setting out the newly approved rates within 30 days.

On June 20, 1995, the Farmers Home Administration sent Black Mountain an amendment to the Letter of Conditions of July 16, 1990 ("Amendment to Letter of Conditions"). The Amendment to Letter of Conditions revised Paragraph 22 of the Letter of Conditions to add a wholesale rate of \$1.48/1,000 gallons. Apparently due to

inadvertence,¹ the letter setting forth this new, federally-approved wholesale rate was not filed with the Commission.

By letter dated October 17, 1995, the Executive Director of the Commission advised Black Mountain that Commission staff was preparing to recommend that the Commission open an investigation of Black Mountain for its failure to file revised tariff sheets in accordance with the May 25, 1995 Order. In response, Black Mountain submitted, on October 26, 1995, a motion to reopen the case for the purpose of revising the rates in accordance with the Amendment to Letter of Conditions. Also on October 26, 1995, Black Mountain's attorney submitted a request that the Commission reconsider its May 26 Order. Both filings included the Amendment to Letter of Conditions. Because Black Mountain has submitted documents detailing the conditions which have changed since the issuance of the May 25, 1995 Order, the Commission finds it appropriate to reopen this case to consider the new issues presented.

Information filed by Black Mountain indicates that its failure to comply with the May 25 Order was inadvertent. Consequently, the Commission finds that no investigation of Black Mountain is necessary. In addition, the Commission finds that the rates set forth in Appendix A to its May 25, 1995 Order should be revised to

¹ In a letter dated October 24, 1995, Charles S. Musson, attorney for Black Mountain, stated that his files indicate that he originally sent the Commission a motion requesting reconsideration of the May 25, 1995 rate order in July, 1995. The Commission has no record of having received the filing.

include the \$1.48 per 1,000 gallons wholesale rate specified in the Amendment to Letter of Conditions.

IT IS THEREFORE ORDERED that the Commission's May 25, 1995 Order is modified as follows:

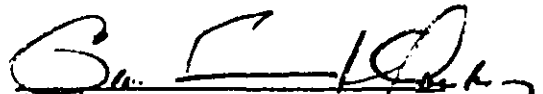
1. The rates set out in Appendix A of the Commission's May 25, 1995 Order, with the addition of the \$1.48 per thousand gallons wholesale rate specified in the Amendment to Letter of Conditions, are the rates approved for service rendered on and after the date of this Order.


2. Black Mountain shall submit its revised tariff setting out the rates approved herein within 30 days of the date of this Order.

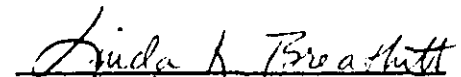
3. All remaining requirements of the Commission's Order of May 25, 1995, shall remain in full force and effect.

Done at Frankfort, Kentucky, this 6th day of November, 1995.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director