

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT OF)
BLACK MOUNTAIN UTILITY DISTRICT) CASE NO. 99-510

O R D E R

On December 22, 1999, Black Mountain Utility District (“Black Mountain”) applied for approval to adjust its rates pursuant to the purchased water adjustment procedure. KRS 278.015 and 807 KAR 5:068. Black Mountain’s application was rejected because it failed to include information sufficient to determine the accuracy of the purchased water adjustment calculations. On January 19, 2000, Black Mountain cured these deficiencies, and its application was accepted for filing.

The Commission, having reviewed the record and being sufficiently advised, finds that:

1. Black Mountain purchases water from Harlan Municipal Water Works (“Harlan”).
2. Harlan increased the wholesale water rate charged to Black Mountain per 1,000 gallons, effective September 22, 1999, as follows:

| | | | | | |
|-------|-----------------|------|--------|----|--------|
| First | 2,000 gallons | from | \$8.85 | to | \$9.95 |
| Next | 8,000 gallons | from | 2.15 | to | 3.00 |
| Next | 15,000 gallons | from | 1.68 | to | 2.75 |
| Next | 75,000 gallons | from | 1.48 | to | 2.40 |
| Over | 100,000 gallons | from | 1.32 | to | 2.15 |

3. During the 12 months ending November 30, 1999, Black Mountain purchased 80,924,000 gallons of water and sold 70,501,030 gallons.

4. Black Mountain incorrectly calculated the effects of Harlan's rate adjustment. Black Mountain calculated that Harlan's rate adjustment would increase its cost of purchased water by \$65,370 and result in a purchased water adjustment of \$0.92 per 1,000 gallons. The increase in the cost of purchased water is \$67,634.57, resulting in a purchased water adjustment of \$0.96 per 1,000 gallons of water. Based on a monthly usage of 5,000 gallons, the average bill of a Black Mountain customer would increase \$4.80 from \$26.25 to \$31.05 or 18.3 percent.

5. The purchased water adjustment of \$0.96 per 1,000 gallons and the rates in Appendix A, attached hereto and incorporated herein, are fair, just, and reasonable and should be approved.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment of \$0.96 per 1,000 gallons and the rates in Appendix A are approved for services rendered on and after the date of this Order.

2. Black Mountain's proposed rates are denied.

3. Within 20 days of the date of this Order, Black Mountain shall file with the Commission revised tariff sheets showing the rates approved herein.

4. Black Mountain shall notify its customers of the approved rate adjustment no later than the rendering of the first bill at the increased rate.

5. Within 20 days of the date of this Order, Black Mountain shall file with the Commission a copy of the notice to its customers and verification that such notice has been given.

Done at Frankfort, Kentucky, this 16th day of February, 2000.

By the Commission

ATTEST:

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 99-510 DATED FEBRUARY 16, 2000

The following rates and charges are prescribed for the customers in the area served by Black Mountain Utility District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Water Rates

Water Rate A - For the systems served under PWS #0480265, Coxton/Kitts; PWS #0480277, Dayhoit; PWS #0480461, Sukey Ridge; and PWS #0480650, Rosspoint.

| | | | |
|-------|---------------|---------|-------------------|
| First | 2,000 gallons | \$15.42 | Minimum bill |
| Over | 2,000 gallons | 5.21 | per 1,000 gallons |

| | | |
|----------------|---------|-------------------|
| Wholesale Rate | \$ 2.44 | per 1,000 gallons |
|----------------|---------|-------------------|

Water Rate B - For the systems served under PWS #0480498 and PWS #0480603.

| | | | |
|-------|---------------|---------|-------------------|
| First | 2,000 gallons | \$13.50 | Minimum bill |
| Over | 2,000 gallons | 4.25 | per 1,000 gallons |