COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BLACK MOUNTAIN UTILITY)
DISTRICT FOR AN ADJUSTMENT OF RATES) CASE NO.
PURSUANT TO THE ALTERNATIVE RATE FILING) 2004-00379
PROCEDURE FOR SMALL UTILITIES)

O R D E R

On September 27, 2004, Black Mountain Utility District ("Black Mountain") applied to the Commission for authority to adjust its rates pursuant to Administrative Regulation 807 KAR 5:076, the alternative rate filing procedure for small utilities. In its filing, Black Mountain requested permission to file its rate application pursuant to 807 KAR 5:076 and to deviate from the requirements of that regulation.

Administrative Regulation 807 KAR 5:076 applies to utilities with 500 or fewer customers or $300,000 or less of gross annual revenues. It provides a simplified and less expensive procedure by which small utilities may apply for rate increases. Black Mountain does not meet the threshold requirements for using this procedure in that it has more than 500 customers and more than $300,000 in annual revenues. However, Black Mountain, in all other respects, substantially meets the requirements for the alternative filing procedure. Moreover, Black Mountain does not propose any revision to its general rates, but only seeks the approval of a surcharge on a portion of its system, the Putney District, to assist in maintaining a new water distribution main in that area. Therefore, given the limited nature of this request, the Commission finds that good

cause exists to grant the deviation and Black Mountain should be allowed to use the alternative rate filing procedure for small utilities.

IT IS THEREFORE ORDERED that Black Mountain's request to deviate from the requirements of 807 KAR 5:076 is granted.

Done at Frankfort, Kentucky, this 20th day of October, 2004.

By the Commission

ATTEST:

Executive Director