

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

O R D E R

On September 27, 2004, Black Mountain Utility District (“Black Mountain”) submitted for filing, pursuant to 807 KAR 5:076 (alternative rate adjustment procedure for small utilities), an application for Commission approval of a surcharge to the water rates for its Putney District. Black Mountain proposed to impose a surcharge of \$1.00 upon the customers of the Putney District to “insure future maintenance of this section of the Black Mountain system.” The Commission had only recently approved a general rate adjustment for Black Mountain that included rates for Putney District.<sup>1</sup>

The Commission, having reviewed the application, finds that maintenance on the line is the only reason given by Black Mountain for the assessment of a surcharge on the customers of this particular part of its distribution system. In its application Black Mountain does not state why the Putney District distribution line requires treatment different from other parts of the Black Mountain system. KRS 278.170 prohibits unreasonable discriminatory treatment of locations or classes of customers for like

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<sup>1</sup> Case No. 2004-00038, The Application of Black Mountain Utility District for Approval of an Adjustment of Rates (Ky. PSC April 7, 2004).

service. Black Mountain provides neither the projected cost nor a time period for the line maintenance, nor does it provide a time period within which the proposed surcharge is to be collected. The proposed surcharge amount of \$1.00 is not supported by a projected cost analysis. Surcharges are generally intended to recover from those customers who will be served by the facilities the initial cost of a particular construction or system expansion or to meet extraordinary or exceptional expenses.

Based on the application and being otherwise sufficiently advised, the Commission finds that Black Mountain's application for a surcharge is unreasonable and should be dismissed. We further find the motion of the Attorney General ("AG") for intervention in this proceeding is rendered moot by our dismissal of Black Mountain's application and should therefore be denied.

IT IS THEREFORE ORDERED that:

1. The AG's motion for intervention is denied.
2. This case is dismissed and is removed from the Commission's docket.

Done at Frankfort, Kentucky, this 3<sup>rd</sup> day of March, 2005.

By the Commission

ATTEST:



Executive Director