

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT FILING OF
BLACK MOUNTAIN UTILITY DISTRICT

CASE NO.
2013-00439

ORDER

On December 11, 2013, Black Mountain Utility District ("Black Mountain") applied for approval to adjust its rates pursuant to the purchased water adjustment procedure.¹

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

1. Black Mountain purchases water from the Harlan Municipal Water Works ("Harlan") and the Pineville Utility Commission ("Pineville").
2. On July 1, 2013, Pineville increased its wholesale water volumetric rate to Black Mountain from \$2.59 per 1,000 gallons of water to \$2.77 per 1,000 gallons.²
3. On September 19, 2013, Harlan increased its wholesale water volumetric rate to Black Mountain in the following manner:³

¹ KRS 278.015; 807 KAR 5:068.

² TFS No. 2011-00494 (Ky. PSC filed July 20, 2011). Letter from Dennis Brent Kirtley, Tariff Branch Manager, Kentucky Public Service Commission, to Bill Bunch, Manager, Pineville Utility Commission (Sept. 1, 2011).

³ TFS No. 2013-00586 Ky. PSC filed Aug. 19, 2013). Letter from Dennis Brent Kirtley, Tariff Branch Manager, Kentucky Public Service Commission, to Otis T. Lewis, Superintendent, Harlan Municipal Water Works (Sept. 19, 2013).

Harlan Municipal Rate Structure			
	Base Rate	Changed Rate	
First 2,000 gallons	\$13.08	\$14.75	Minimum Bill
Next 8,000 gallons	3.95	4.45	per 1,000 gallons
Next 15,000 gallons	3.62	4.08	per 1,000 gallons
Next 75,000 gallons	3.18	3.58	per 1,000 gallons
Over 100,000 gallons	2.83	3.19	per 1,000 gallons

4. On December 10, 2013, Black Mountain's Board of Commissioners adopted new rates for water service, effective December 1, 2013, to reflect the increase in the rates of Black Mountain's wholesale suppliers for wholesale water service.⁴

5. During the 12 months ended September 30, 2013, Black Mountain purchased 175,766,000 gallons of water from Harlan and 35,288,000 gallons of water from Pineville. Black Mountain sold 154,435,661 gallons of water during the same period.

6. The purchased water adjustment factor of \$0.46 per 1,000 gallons of water as calculated in Appendix A is fair, just, and reasonable and should be approved.

7. The rates set forth in Appendix B to this Order are fair, just, and reasonable and should be approved for water service that Black Mountain renders on and after December 1, 2013.

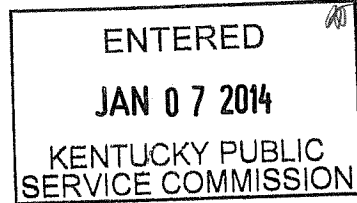
IT IS THEREFORE ORDERED that:

1. Black Mountain's proposed rates are approved.
2. The purchased water adjustment factor of \$0.46 per 1,000 gallons is approved.
3. The rates in Appendix B are approved for service that Black Mountain renders on or after December 1, 2013.

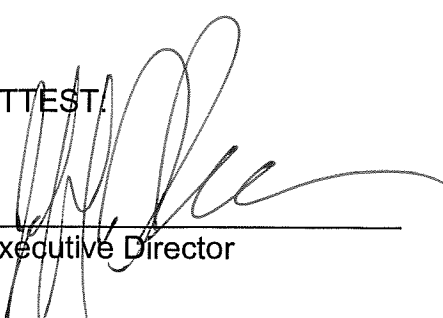
⁴ Black Mountain Utility District, Resolution Adjusting Water Rates and Charges to Offset the Pineville Utility Commission and Harlan Municipal Water Works' Wholesale Rate Increases (Dec. 10, 2013).

4. Within 20 days of the date of this Order, Black Mountain shall file with the Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets showing the approved rates, with an effective date of December 1, 2013.

By the Commission



ATTEST.



Executive Director

Case No. 2013-00439

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2013-00439 DATED **JAN 07 2014**

	New Rate	Base Rate
Pineville		
Purchases in gallons	35,288,000	35,288,000
Volumetric rate	<u>\$2.77/1,000</u>	<u>\$2.59/1,000</u>
	\$97,747.76	\$91,395.92

Harlan
Base Rate

		<u>BILLS</u>	<u>GALLONS</u>	<u>RATE</u>	<u>REVENUE</u>
FIRST	2,000	48	96,000	\$13.08	\$627.84
NEXT	8,000		384,000	3.95	1,516.80
NEXT	15,000		720,000	3.62	2,606.40
NEXT	75,000		3,600,000	3.18	11,448.00
NEXT	100,000		170,966,000	2.83	483,833.78
NEXT	0		0		0.00
TOTAL		48	175,766,000		\$500,032.82

New Rate

		<u>BILLS</u>	<u>GALLONS</u>	<u>RATE</u>	<u>REVENUE</u>
FIRST	2,000	48	96,000	\$14.75	\$708.00
NEXT	8,000		384,000	4.45	1,708.80
NEXT	15,000		720,000	4.08	2,937.60
NEXT	75,000		3,600,000	3.58	12,888.00
NEXT	100,000		170,966,000	3.19	545,381.54
NEXT	0		0		0.00
TOTAL		48	175,766,000		\$563,623.94

Increased water cost \$69,942.96

Increased water cost \$69,942.96
 Divided by gallons sold/1,000 154,435,661
 Purchased water adjustment factor \$0.45289
 or \$0.46 per 1,000 gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2013-00439 DATED **JAN 07 2014**

The following rates and charges are prescribed for the customers in the area served by Black Mountain Water 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 Volume Rates

WATER RATE A

First	2,000	Gallons	\$21.38	Minimum Bill-
All Over	2,000	Gallons	\$7.69	per 1,000 Gallons
Wholesale Rate			\$4.37	per 1,000 Gallons

Customers of the former Green Hills Water District Rate Schedule

First	2,000	Gallons	\$23.90	Minimum Bill
All Over	6,000	Gallons	\$9.21	per 1,000 Gallons
All Over	8,000	Gallons	\$7.65	per 1,000 Gallons
Wholesale Rate			\$3.71	per 1,000 Gallons

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