

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF THE )  
WHOLESALE WATER SERVICE )  
RATES OF THE HARLAN ) CASE NO. 2003-00358  
MUNICIPAL WATER WORKS )

O R D E R

On September 25, 2003, in response to a letter from Black Mountain Utility District ( Black Mountain ), the Commission issued an Order suspending the increased rate to be charged Black Mountain by Harlan Municipal Water Works ( Harlan ). Black Mountain was granted intervention by the same Order.

Subsequently, on September 29, 2003, Otis T. Lewis, Superintendent of Harlan, filed a letter explaining that the rates it had proposed are those specified by U.S.D.A. Rural Development ( Rural Development ) in its letter of conditions. Harlan is constructing improvements it says are needed to its water treatment plant and is receiving funding from Rural Development and others.

Harlan s ability to receive the Rural Development funding is contingent upon being able to charge the rates that Rural Development previously specified. If the Commission, at the conclusion of this proceeding, should find that Harlan must charge rates less than those specified by Rural Development, Harlan will fail to meet the conditions imposed by Rural Development, and Harlan s ability to receive funding will be

impaired. The Commission declines to impair or impede Harlan's ability to receive funding. We believe that, although KRS 278.023 does not explicitly apply to cities, our decision herein complies with the policy of the General Assembly as expressed in that statute.<sup>1</sup>

IT IS THEREFORE ORDERED that:

1. Harlan is authorized to charge the rates set forth in its August 26, 2003 filing with the Commission.

2. This case is dismissed with prejudice and is removed from the Commission's docket.

Done at Frankfort, Kentucky, this 24<sup>th</sup> day of October, 2003.

By the Commission

ATTEST:

  
Executive Director

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<sup>1</sup> KRS 278.023 requires the Commission to accept an agreement between certain water utilities and federal agencies on the basis that imposition by the Commission of different terms could delay or jeopardize construction projects.