

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT            )  
OF BLACK MOUNTAIN UTILITY            ) CASE NO. 2003-00410  
DISTRICT                                    )

O R D E R

On November 3, 2003, 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.

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

1. Black Mountain purchases water from three suppliers, the city of Wallins, the city of Evarts and Harlan Municipal Water Works ( Harlan ). For the purposes of this case, only purchases from Harlan will be considered.

2. Black Mountain has two rate schedules, Rate A and Rate B. Customers under Rate Schedule A receive water purchased from Harlan, and customers under Rate Schedule B receive water from the other two suppliers. For the purpose of this case, only purchases from Harlan, which has increased the rate it charges to Black Mountain, and Rate Schedule A will be considered.

3. Harlan notified Black Mountain that, effective with its November 1, 2003 billing, its wholesale water rate would increase. Harlan has a five-step declining block rate design. Harlan increased the rate in the first step, the first 2,000 gallons, from \$9.95 to \$13.08. Harlan increased the second step, the next 8,000 gallons, from \$3.00

per 1,000 gallons to \$3.95 per 1,000 gallons; the third step, the next 15,000 gallons, from \$2.75 per 1,000 gallons to \$3.62 per 1,000 gallons; the fourth step, the next 75,000 gallons, from \$2.40 per 1,000 gallons to \$3.18 per 1,000 gallons; and the fifth step, all usage over 100,000 gallons, from \$2.15 per 1,000 gallons to \$2.83 per 1,000 gallons. Black Mountain proposes to increase the water rates to its customers effective with service rendered on and after November 1, 2003.

4. During the 12 months ending June 30, 2003, Black Mountain purchased 99,547,500 gallons of water from Harlan and sold 83,812,838 gallons to the customers being served under Rate Schedule A. The increase in the cost of purchased water is \$67,863.66, resulting in a purchased water adjustment of \$0.81 per 1,000 gallons.

5. The purchased water adjustment of \$0.81 per 1,000 gallons is fair, just, and reasonable and should be approved.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment of \$0.81 per 1,000 gallons and the rates in Appendix A, attached hereto and incorporated herein, are fair, just, and reasonable and are approved for services rendered on and after November 1, 2003.

2. The proposed tariff sheets filed by Black Mountain are approved as filed.

Done at Frankfort, Kentucky, this 21<sup>st</sup> day of November, 2003.

By the Commission

ATTEST:

  
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2003-00410 DATED November 21, 2003

The following rates and charges are prescribed for the customers in the area served under Rate Schedule A 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.

Rate A

First	2,000	Gallons	\$17.04	Minimum Bill
Over	2,000	Gallons	6.02	Per 1,000 Gallons
Wholesale Rate			\$3.25	Per 1,000 Gallons