COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:
Application of Mountain Water District) Case No 2020-00394
For a Declaratory Order)

VERIFIED APPLICATION

Pursuant to KRS 278.020 and 807 KAR 5:001, Sections 15 and 19, Mountain Water District (Mountain) applies to the Public Service Commission ("Commission") for a declaratory order that the final order in Case No. 2019-0080 eliminated the two step rate and minimum bill provision in the wholesale rate charged by the city of Pikeville.

I. In support of its Application, Mountain states:
1. Mountain's principal contact and address is:
Roy Sawyers, District Administrator
6332 Zebulon Highway
P. 0. Box 3157
Pikeville, KY 41502-3157

rsamersmtwater.org (606) 631-6165 Phone
(606) 631-3087 Fax
www. mou ntainwaterd istrictky. corn
Its principal officers are listed in its current Annual Report, which is filed with the Commission as are its prior years Reports.

2. Mountain is a non-profit water district organized under Chapter 74 and has no separate articles of incorporation. Mountain was created by the merger of Pond Creek

Water District, Marrowbone Water District, Shelby Valley Water District, and Johns Creek Water District on July 1, 1986. The District is administrated by a five (5) member board of commissioners. It has no affiliates and no accounts charged to or allocated to an affiliate.

3. A description of Mountain's water system and its property stated at original cost
by accounts is contained in its Annual Report, which is incorporated by reference.

4. Mountain's average retail water customers through November 2020 is 17,399,
and 2,215 sewer customers in Pike County and sells water at wholesale to four non-affiliated water distribution systems: City of Elkhorn, City of Jenkins, Mingo County Public Service District and Martin Co. Water District. Mountain also operates two sewage treatment plants; eight package sewage plants and has two wholesale agreements for sewage treatment.

5. Mountain purchases water at wholesale from the city of Pikeville and the city of Williamson, WV.

II. Statement of Facts
1. Mountain purchases wholesale water from the city of Pikeville pursuant to a contract attached as Exhibit 1.

2. Pikeville proposed a wholesale rate adjustment, which was docketed as Case
No. 2019-0089.

3. The final order in the case was issued on December 19, 2019 and provides for
a wholesale rate of $1.97 per 1000 gallons. The order does not include a minimum

purchase. A copy of the order is attached as Exhibit 2. An order on Pikeville's petition for rehearing was issued on January 31, 2020. Copy attached as Exhibit 3.

4. On March 5, 2020 Mountain filed its Purchased Water Adjustment to reflect the change in the wholesale rate in Case No. 2020-0068.

5. The order in that case reflects a rate of $1.97 per 1000 gallons, without any minimum purchase. That order includes a reference to the prior rate with the minimum purchase, but eliminates that minimum purchase reference in the final rate approved. The final order in that case states:

Pikeville notified Mountain that on September 5, 2019, it
would be increasing its wholesale water rate to Mountain
District from $1.68 per 1,000 gallons for the first 28 million gallons, and $1.30 per 1,000 gallons for all water over 28 million gallons, to a flat rate of $1.97* per 1,000 gallons.
Case 2020-0068, p. 3, dated April 2, 2020. (*Pikeville's
notice was to implement their proposed volumetric rate
of $2.30 per 1,000 gallons into effect subject to refund
pending the final order).
Copy attached as Exhibit 4.

6. Consistent with the rate approved in the final order in Case 2019-0080, i.e. $1.97
per 1000 gallons, from April to September 2020, Pikeville billed Mountain without a minimum purchase adjustment.

7. The attached bills from Pikeville to Mountain from April through October show
that Mountain did not meet the 28-million-gallon minimum purchase requirement in the months of June through October. For the month of October, 2020, Pikeville billed Mountain for usage based on the discontinued minimum bill provision. See Exhibit 5.

8. Using a minimum bill as the basis for the monthly rate results in a rate higher

than authorized by the Order. For October 28,000,000 gallons minimum at $1.97 per

thousand equals to $55,160. Actual usage of 22,567,000 gallons paid at the same amount

as the minimum bill would equal to $2.44 per thousand for the District's ratepayers. For

November 28,000,000 gallons minimum at $1.97 per thousand equals to $55,160. Actual

usage of 24,831,000 paid at the same amount as the minimum bill would equal to $2.22

per thousand for the District's ratepayers.

This table for April through October of 2020 calculates the difference between

purchased water using minimum bill and flat rate.

Minimum usage of 28,000,000 gallons / 1,000= 28,000 units X $1.97 = $55,160.00 minimum charge per month

Mountain Purchased Water from Pikeville

MONTH

GALLONS

PURCHASED (1000
GALLON UNITS)

AMOUNT
BILLED

EFFECTIVE
RATE PER 1000
GALLONS

AMOUNT OF
OVER
CHARGE
APRIL 29,780 $58,666.60 $1.97 $0.00
MAY 31,094 $61 ,255.18 $1.97 $0.00

*June 26,773 $52,742.81 $1.97 $0.00
*July 27,618 $54,407.46 $1.97 $0.00 *August 25,555 $50,343.35 $1.97 $0.00 *September 22,223 $43,779.31 $1.97 $0.00 **October 22,567 $55,160.00 $2.44 $10.703.01 **November 24,831 $55,160.00 $2.22 $6,242.93
* Months below Pikeville's alleged 28,000,000 gal/month minimum requirement
but only charged for actual gallons purchased.

** Months below Pikeville's alleged 28,000,000 gal/month minimum requirement
but charged for 28,000,000 gallons.

III. Applicant's Interest
1. Mountain has an interest in the determination of the correct rate established in Case No. 2019-0080. The rate has a direct impact on Mountain's revenues and its ability to manage its water supply purchases and sources of supply.

IV. Applicable Law

1. The applicable order that Mountain seeks interpretation is Case No.2019-0080, dated December 19, 2019.

2. Mountain seeks a declaratory order that the rate approved in that case is a flat $1.97 per 1000 gallons purchased without a minimum purchase requirement.

3. KRS 278.160(2) says that a utility can only charge the rate approved by the Commission. Based on the final order and the rate approved in the PWA, $1.97 per 1000 gallons for all gallons sold to Mountain is the only rate Pikeville can charge Mountain for wholesale water.

V. Relief Sought

1. Mountain seeks a declaratory order affirming that the final order in Case No. 2019-0080 eliminated the two-step rate structure with Pikeville and that the approved rate for wholesale water to Pikeville is a flat rate of $1.97 per 1000 gallons without a minimum purchase requirement.

For these reasons, Mountain Water District requests a declaration that the rate approved in Case No. 2019-0080 does not have a minimum purchase two step block rate and that the rate of $1.97 per 1000 gallons without a minimum purchase is the correct

rate.

A copy of this application was delivered to the City of Pikeville.

SUBMITTED y

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Attorneys for Mountain Water District

VERIFICATION

I, Roy Sawyers, after being sworn state that I am manager of Mountain Water District and that I have authority to file this application on behalf of the District. The information contained in the application is true, correct and accurate to the best of my knowledge.

Sworn, acknowled ed and affirmed by , before me a Notary Public on 44 2020 .

My Commission Expires: 1, iii _ Pei9"/

Registration Number:R YA/ P6