

**BLACK MOUNTAIN UTILITY DISTRICT**

609 FOURMILE ROAD  
BAXTER, KY 40806  
606-573-1277  
606-573-1276 FAX

**RECEIVED**  
DEC 11 2013  
PUBLIC SERVICE  
COMMISSION

December 10, 2013

Commonwealth of Kentucky  
Public Service Commission  
Tariff Review Branch  
P. O. Box 615  
Frankfort, Kentucky 40601

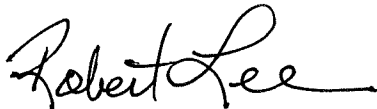
RE: Purchase Water Adjustment Request

Dear Sirs:

Transmitted herewith are the original and 10 copies of a request to adjust the District's rates to cover the recent rate increases imposed by our suppliers, Harlan Municipal Water Works and Pineville Utility Commission. The rate increases affect our customers in the previous Green Hills Water District service area as well as the following areas: Coxton/Kitts, Dayhoit, Sukey Ridge and Rosspoint. The increases do not affect the areas supplied by the City of Evarts (Upper Clover Fork).

If there are any questions please contact either the District or our engineer, Ken Taylor with Kenvirons, Inc. at 502 695 4357.

Sincerely,



Robert Lee  
Chairman

Attachments

**PURCHASED WATER ADJUSTMENT FOR  
WATER DISTRICTS AND ASSOCIATIONS  
(807 KAR 5:068)**

**RECEIVED**  
**DEC 11 2013**  
**PUBLIC SERVICE  
COMMISSION**

Name of Utility	Black Mountain Utility District	
Date	November 14, 2013	
Address	609 Four Mile Road	
City, State, Zip	Baxter, KY 40806	
Telephone Number	606-573-1277	

1.a. Name of all wholesale suppliers and the base (current) rate and changed rate of each. In the event the water purchased is billed by the supplier on a rate that is not a flat rate schedule, the entire rate schedule must be shown. Attach additional sheets if necessary.

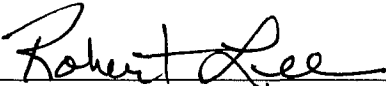
Supplier(s)	Base Rate	Changed Rate
Harlan Municipal Water Works	See Exhibit I	See Exhibit I
Pineville Utility Commission	See Exhibit I	See Exhibit I

1.b. A copy of the supplier's notice of the changed rate showing the effective date of the increase is attached as Exhibit II (HMWW) and Exhibit III (PUC)

2. Twelve-month period upon which the purchased water adjustment is based. (This twelve-month period must end within 90 days of this filing).

From	October 2012	through	September 2013
	(month and year)		(month and year)

3. Statement of water purchases. Where water is purchased from more than one supplier, purchases from each supplier must be shown separately. If water is purchased through a declining block rate schedule, purchases for each month must be shown. Attach an additional sheet if necessary.

Supplier(s)	Gallons Purchased during 12 month period
Harlan MWW (See Exhibit IV)	175,766,000
Pineville U.C.	35,288,000
<b>TOTAL PURCHASES</b>	211,054,000
4. Total sales for the 12 month period	154,435,661 Gallons
5. Increased water cost	See Exhibit IV \$69,943.20
The increased water cost is the cost difference between purchases at base (current rate) and purchases at new rate.	
6. Purchased water adjustment factor	$\$69,943.20 / 154,435,661 = 0.0004528$ use \$0.46/1,000
The purchased water adjustment factor is obtained by dividing the increased cost of water by the total gallons sold.	
<p><b>Note:</b> The purchased water adjustment factor is added to each thousand gallons sold. If the minimum usage is 2,000 gallons then the purchased water adjustment factor would be added to the minimum bill twice. Revised tariff sheets must be attached showing the rate to be charged by the utility and the effective date of the increased rates.</p>	
7. Proposed effective date	December 1, 2013
	
Signature of Utility Officer	
Chairman	
Title	

## Exhibit I

### BASE AND CHANGED RATES

#### Harlan Municipal Water Works

	<u>Base Rate</u>	<u>Changed Rate</u>
First 2,000	\$13.08*	\$14.75*
Next 8,000	3.95	4.45
Next 15, 000	3.62	4.08
Next 75,000	3.18	3.58
Over 100,000	2.83	3.19

\*Minimum Bill all others per 1,000 gallons.

#### Pineville Utility Commission

Wholesale Rate    Base Rate \$2.59/1,000 gallons  
                          Changed Rate \$2.77/1,000 gallons

**EXHIBIT II**  
**Harlan Municipal Water Works**  
**P O BOX 1151**  
**HARLAN, KENTUCKY 40831-1151**  
**PHONE: 606-573-1540**  
**FAX: 606-573-1543**

August 15, 2013

Mr. Stanley Smith  
Black Mountain Utility District  
609 Four Mile Road  
Baxter, Kentucky 40806

RE: Rate Increase

Dear Mr. Smith,

Due to increasing expenses, the Harlan Municipal Water Works (HMWW) has commissioned a rate study to determine the fair rates to be charged to its customers. The last time water rates were increased was in 2003 and HMWW cannot continue to operate and meet state and federal regulations if rates are not increased at this time.

A copy of the rate analysis is enclosed for your review. You will notice that in order to maintain rates as low as possible that only 50 percent of depreciation has been funded. Additionally, expenses are based on the year ending July 31, 2012 with the exception of the hiring of a new employee at the water treatment plant. Expenses were based on actual 2012 costs which are known and measurable in order to expedite the review with the Kentucky Public Service Commission ("PSC").

As set out in the study, Black Mountain's monthly cost based on an average usage of 13,800,000 gallons will increase from \$39,108 to \$44,083 an increase of \$4,974 or 13 percent. Sheet 2 of the analysis shows current and revised rates.

The Harlan Municipal Water Works has filed a tariff, a copy of the rate analysis and a copy of this notice with the PSC. The proposed effective date of the increase is September 19, 2013. You may file an objection to the proposed increase with the PSC prior to September 19, 2013. The PSC's address is 211 Sower Boulevard, PO Box 615, Frankfort, Ky. 40602.

Should you have any questions regarding the rate analysis please contact me. We can schedule a meeting at your convenience if you would like a detailed review of the report.

Sincerely,

HARLAN MUNICIPAL WATER WORKS



Otis T. Lewis, Superintendent

Steve L. Beshear  
Governor

Leonard K. Peters  
Secretary  
Energy and Environment Cabinet



David L. Armstrong  
Chairman

James Gardner  
Vice Chairman

Linda Breathitt  
Commissioner

Commonwealth of Kentucky  
**Public Service Commission**

211 Sower Blvd.  
P.O. Box 615  
Frankfort Kentucky 40602-0615  
Telephone: (502) 564-3940  
Fax: (502) 564-3460  
psc.ky.gov

September 19, 2013

Otis T. Lewis  
Harlan Municipal Water Works  
P.O. Box 1151  
Harlan, KY 40831-1151

RE: Filing No. **TFS2013-00586**  
Increases Wholesale Water Rates to Black Mountain Utility District.

Dear Otis T. Lewis:

The above referenced filing has been received and reviewed. An accepted copy is enclosed for your files. You may also use the following link to access documents related to this filing.

<http://psc.ky.gov/trf/TRFListFilings.aspx?ID=TFS2013-00586>

Sincerely,

  
Dennis Brent Kirtley  
Tariff Review Branch Manager

FOR Harlan, KY

PSC KY NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

CANCELLING PSC KY NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

Harlan Municipal Water Works  
(NAME OF UTILITY)

**BLACK MOUNTAIN UTILITY DISTRICT**

**Monthly Rates**

First 2,000 Gallons	\$14.75 Minimum Bill
Next 8,000 Gallons	4.45 per 1,000 Gallons
Next 15,000 Gallons	4.08 per 1,000 Gallons
Next 75,000 Gallons	3.58 per 1,000 Gallons
Over 100,000 Gallons	3.19 per 1,000 Gallons

DATE OF ISSUE August 19, 2013  
MONTH / DATE / YEAR

DATE EFFECTIVE September 19, 2013  
MONTH / DATE / YEAR

ISSUED BY *Chris Lewis, Sept*  
SIGNATURE OF OFFICER

TITLE *Superintendent*

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

<b>KENTUCKY PUBLIC SERVICE COMMISSION</b>
<b>JEFF R. DEROUEN EXECUTIVE DIRECTOR</b>
TARIFF BRANCH  <i>Brent Kirtley</i>
EFFECTIVE <b>9/19/2013</b> PURSUANT TO 807 KAR 5-011 SECTION 9 (1)

EXHIBIT III

P.S.C. Ky. No. \_\_\_\_\_

Cancels P.S.C. Ky. No. \_\_\_\_\_

**Pineville Utility Commission**

of

**Pineville, Kentucky 40977**

**Rates, Rules and Regulations for Furnishing**

**Water**

**At**

**Green Hills Water District**

Filed with

**PUBLIC SERVICE COMMISSION OF KENTUCKY**

Issued : **July 18, 2011**

Effective: **September 1, 2011**

Issued by:

By:

**Pineville Utility Commission**  
PUBLIC SERVICE COMMISSION

**JEFF R. DEROUEN**  
EXECUTIVE DIRECTOR

TARIFF BRANCH

Bill Bun

*Bunt Kirtley*

EFFECTIVE

**9/1/2011**



Form for filing Rate Schedules

For: **Green Hills Water District**

**Pineville Utility Commission**  
**PO Box 277**  
**Pineville, KY 40977**

Name of Issuing Corporation

PSC No. \_\_\_\_\_

\_\_\_\_\_ Sheet No. \_\_\_\_\_

Cancelling PSC No. \_\_\_\_\_

\_\_\_\_\_ Sheet No. \_\_\_\_\_

CLASSIFICATION OF SERVICE

	Rate Per Unit
Effective September 1, 2011 (per 1,000 gallons)	\$2.42
Effective July 1, 2012 (per 1,000 gallons)	\$2.59
Effective July 1, 2013 (per 1,000 gallons)	\$2.77

Date of Issue \_\_\_\_\_

Date Effective \_\_\_\_\_

Issued By \_\_\_\_\_

Title \_\_\_\_\_

Issued by authority of an Order of the Public Service Commission of Kentucky in Ca  
dated \_\_\_\_\_.

KENTUCKY  
PUBLIC SERVICE COMMISSION

JEFF R. DEROUEN  
EXECUTIVE DIRECTOR

TARIFF BRANCH

*Brent Kirtley*

EFFECTIVE

**9/1/2011**

PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

FOR **Green Hills Water District**

P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

**Pineville Utility Commission**

CANCELLING P.S.C. KY NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

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**RATES AND CHARGES**

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Minimum rate tariff and effective dates as follows:

Current Rate	\$1.75 per 1,000 gallons
Effective Bills Due June 2007	\$1.87 per 1,000 gallons
Effective Bills Due July 2007	\$1.88 per 1,000 gallons
Effective Bills Due July 2008	\$1.92 per 1,000 gallons
Effective Bills Due July 2009	\$1.97 per 1,000 gallons

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DATE OF ISSUE                      April 26, 2007

DATE EFFECTIVE                      June 1, 2007

ISSUED BY                              \_\_\_\_\_ *[Signature]*

TITLE                                      Manager, Pineville Utility Commission

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
6/1/2007  
PURSUANT TO 807 KAR 5:011  
SECTION 9 (1)

By *[Signature]*  
Executive Director

## Exhibit IV

### HARLAN MUNICIPAL WATER WORKS

#### Water Purchases

October 2012 - September 2013

Month	MM#1	MM#2	MM#3	MM#4	Total
October 2012	857,700	7,778,000	3,959,100	3,111,600	15,706,400
November 2012	1,041,000	7,088,000	3,984,900	2,282,400	14,396,300
December 2012	1,072,100	6,171,000	3,526,900	2,877,800	13,647,800
January 2013	1,025,400	6,000,000	3,227,900	4,467,700	14,721,000
February 2013	1,186,800	9,548,000	4,448,100	3,478,800	18,661,700
March 2013	1,065,800	4,108,600	3,806,600	2,830,400	11,811,400
April 2013	1,065,800	5,457,000	3,060,800	2,992,000	12,575,600
May 2013	1,279,100	4,916,000	3,324,700	6,425,000	15,944,800
June, 2013	976,300	5,765,400	3,544,200	4,437,000	14,722,900
July, 2013	956,900	5,064,000	3,174,500	3,973,000	13,168,400
August, 2013	1,171,100	6,227,300	3,085,000	3,864,000	14,347,400
September, 2013	1,171,100	6,813,400	3,520,800	4,557,000	16,062,300
<b>TOTAL</b>	<b>12,869,100</b>	<b>74,936,700</b>	<b>42,663,500</b>	<b>45,296,700</b>	<b>175,766,000</b>

Cost: Average Monthly Usage Per Meter =  $175,766,000 \div 12 \div 4 = 3,661,792$

Average Monthly Bill Per Meter:

	Base Rate	Changed Rate	Difference
First 2,000	13.08	14.75	1.67
Next 8,000	31.60	35.60	4.00
Next 15,000	54.30	61.20	6.90
Next 75,000	238.50	268.50	30.00
Over 100,000 (3,561,792)	10,079.87	11,362.12	1,282.25
	\$10,417.35	\$11,742.17	1,324.82
	x 12	x 12	x 12
	x 4	x 4	x 4
	\$500,032.80	\$563,624.16	\$63,591.36

#### PIINEVILLE UTILITY COMMISSION:

	Base Rate	Changed Rate	Difference
Cost:	35,288,000 gallons @ \$2.59/1,000 gallons = \$91,395.92	35,288,000 gallons @ \$2.77/1,000 gallons = \$97,747.76	\$6,351.84

**COMBINED TOTAL                    \$69,943.20**

FOR Rural Harlan County  
Community, Town or City

P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

Black Mountain Utility District  
(Name of Utility)

CANCELLING P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

RATES AND CHARGES

**Water Rate A**

For the following systems served under PWS# 0480265 – Coxton/Kitts; PWS# 0480277 – Dayhoit; PWS# 0480461 – Sukey Ridge; PWS# 0480650 – Rosspoint; PWS# 0480572 – Wallins

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

**Water Rate B**

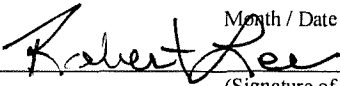
For the following systems served under PWS# 0480498 – Lovellen and PWS# 0480603 – Kenvir

First 2,000 Gallons	\$18.13 Minimum Bill
Over 2,000 Gallons	\$ 6.07 per 1,000 Gallons

Tap Fee                    \$400.00

DATE OF ISSUE November 20, 2013  
Month / Date / Year

DATE EFFECTIVE \_\_\_\_\_

ISSUED BY   
Month / Date / Year  
(Signature of Officer)

TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

FOR Bledsoe (Green Hills) Harlan Co. KY  
Community, Town or City

P.S.C. KY. NO. 1

Second Revised SHEET NO. 4

CANCELLING P.S.C. KY. NO. 1

First Revised SHEET NO. 4

Black Mountain Utility District  
(Green Hills Water District)  
(Name of Utility)

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RATES AND CHARGES

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A. Green Hills Water District Rate Schedule

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

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DATE OF ISSUE November 20, 2013  
Month / Date / Year

DATE EFFECTIVE \_\_\_\_\_  
Month / Date / Year

ISSUED BY Robert Lee  
(Signature of Officer)

TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

**PUBLIC NOTICE  
BLACK MOUNTAIN UTILITY DISTRICT  
PURCHASED WATER ADJUSTMENTS**

Due to increases in the rates for water purchased from the Harlan Municipal Water Works and the Pineville Utilities Commission for resale to its customers, the Black Mountain Utility District has applied to the Kentucky Public Service Commission for a rate increase to cover its increased costs. The rates contained herein are the rates proposed by Black Mountain Utility District, however the Public Service Commission may order rates to be charged that are higher or lower than the rates proposed in this notice. Any corporation, association, body public or person may request leave to intervene by motion within thirty (30) days after notice of the proposed rates change is given. A motion to intervene shall be in writing, shall be submitted to the Executive Director, Kentucky Public Service Commission, 211 Sower Boulevard, P. O. Box 615, Frankfort, KY 40602, and shall set forth the grounds for the motion including the status and interest of the party. Copies of the application may be obtained at no charge from the Black Mountain Utility District at 609 Fourmile Road, Baxter, KY 40806.

**MONTHLY WATER RATES**

PWS# 0480265 – Coxton/Kitts; PWS# 0480277 – Dayhoit; PWS# 0480461 – Sukey Ridge; PWS# 0480650 – Rosspoint and PWS# 0480572 - Wallins

	OLD RATE	NEW RATE
First 2,000 gallons	\$20.46 (minimum bill)	\$21.38 (minimum bill)
All over 2,000 gallons	\$7.23 per 1,000 gallons	\$7.69 per 1,000 gallons
 Wholesale Rate	 \$3.91 per 1,000 gallons	 \$4.37 per 1,000 gallons

PWS# 0480341 Green Hills

	OLD RATE	NEW RATE
First 2,000 gallons	\$22.98 (minimum bill)	\$23.90 (minimum bill)
Next 6,000 gallons	\$8.75 per 1,000 gallons	\$9.21 per 1,000 gallons
All over 8,000 gallons	\$7.19 per 1,000 gallons	\$7.65 per 1,000 gallons
Wholesale Rate	\$3.25 per 1,000 gallons	\$3.71 per 1,000 gallons

The proposed rates are scheduled to go into effect with the first billing following December 1, 2013. The proposed rate increase will compensate for the higher wholesale purchase water rates allowed the City of Harlan Municipal Water Works and the Pineville Utilities Commission by the Public Service Commission.

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE BLACK  
MOUNTAIN UTILITY DISTRICT ADJUSTING WATER RATES AND  
CHARGES TO OFFSET THE PINEVILLE UTILITY COMMISSION  
AND HARLAN MUNICIPAL WATER WORKS' WHOLESALE RATE  
INCREASES**

**WHEREAS**, the Pineville Utility Commission (PUC) and Harlan Municipal Water Works (HMMW) are two of the Black Mountain Utility District's (BMUD) primary wholesale water providers;

**WHEREAS**, on July 1, 2013, PUC increased its wholesale water rate from \$2.59 to \$2.77 per 1,000 gallons;

**WHEREAS**, on September 19, 2013, HMWW increased the water rate it charges BMUD by 13%;

**WHEREAS**, based upon the water purchases from PUC and HMWW during the 12 months period from October 2012 through September 2013, the annual increased cost to BMUD will be approximately \$ 71,324.35;

**WHEREAS**, prudent financial management dictates that BMUD take immediate action to adjust its retail rates commensurate with PUC and HMWW's rate increases; and

**WHEREAS**, KRS 278.012 and 807 KAR 5:068 provide the legal mechanism for BMUD to increase its water rates commensurate with PUC and HMWW's rate increases via a Purchased Water Adjustment ("PWA");

**NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF BLACK MOUNTAIN UTILITY DISTRICT AS FOLLOWS:**

**Section 1.** The facts, recitals, and statements contained in the foregoing preamble of this Resolution are true and correct and are hereby affirmed and incorporated as a part of this Resolution.

**Section 2.** The PWA factor is \$ 0.46 per 1,000 gallons;

**Section 3.** All tiers of all meter sizes of BMUD's existing tariff for its systems being supplied by water purchased from PUC and HMWW shall be increased by \$ 0.46 per 1,000 gallons, effective December 1, 2013, subject to any minor adjustment that may be made by the PSC.

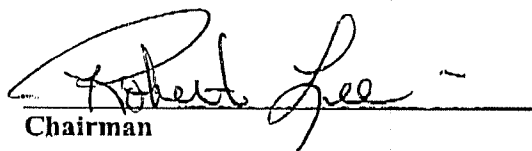
**Section 4.** The monthly water rates to be charged to and collected from the customers and users of the water system (the "System") of BMUD shall be as set forth in **Appendix A**, which is attached hereto and is incorporated herein by reference as a part of this Resolution. These monthly rates and charges shall be in effect for all water service rendered on and after December 1, 2013.

**Section 5.** The Chairman is hereby authorized and directed to execute and file the PWA Application, Tariff Sheet, and all other documents that may be required by the Public Service Commission.

**Section 6.** The Chairman and all appropriate BMUD Staff are hereby further authorized and directed to take any and all other actions and to execute and deliver any and all other documents as may be reasonably necessary to implement the PWA.

**Section 7.** This Resolution shall take effect upon its adoption.

**ADOPTED BY THE BOARD OF DIRECTORS OF BLACK MOUNTAIN UTILITY DISTRICT at a meeting held on December 10, 2013, signed by the Chairman, and attested by the Secretary.**

  
Chairman

**ATTEST:**

  
Secretary



APPENDIX A

PWA RESOLUTION FOR Rural Harlan County  
Community, Town or City

P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

CANCELLING P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

Black Mountain Utility District  
(Name of Utility)

RATES AND CHARGES

**Water Rate A**

For the following systems served under PWS# 0480265 – Coxton/Kitts; PWS# 0480277 – Dayhoit; PWS# 0480461 – Sukey Ridge; PWS# 0480650 – Rosspoint; PWS# 0480572 – Wallins

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Wholesale Rate	\$ 4.37 Per 1,000 Gallons

**Water Rate B**

For the following systems served under PWS# 0480498 – Lovellen and PWS# 0480603 – Kenvir

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Tap Fee \$400.00

DATE OF ISSUE November 20, 2013  
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Month / Date / Year

ISSUED BY Robert Lee  
(Signature of Officer)

TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

FOR Bledsoe (Green Hills) Harlan Co. KY  
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Second Revised SHEET NO. 4

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Black Mountain Utility District  
(Green Hills Water District)  
(Name of Utility)

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RATES AND CHARGES

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A. Green Hills Water District Rate Schedule

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