

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF BLACK)	CASE NO.
MOUNTAIN UTILITY DISTRICT FOR A RATE)	2022-00275
ADJUSTMENT PURSUANT TO 807 KAR 5:076)	

NOTICE OF FILING OF COMMISSION STAFF'S REPORT

Notice is hereby given that, in accordance with the Commission's Orders of September 23, 2022, December 29, 2022, and March 7, 2023, the attached report containing the findings of Commission Staff regarding the Applicant's proposed rate adjustment has been filed in the record of the above-styled proceeding. Pursuant to the Commission's September 23, 2022, December 29, 2022, and March 7, 2023 Orders, Black Mountain Utility District (Black Mountain District) is required to file written comments regarding the findings of Commission Staff no later than 14 days from the date of this report. The Commission directs Black Mountain District to the Commission's July 22, 2021 Order in Case No. 2020-00085¹ regarding filings with the Commission.

¹ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).



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Public Service Commission
P.O. Box 615
Frankfort, KY 40602

DATED MAR 15 2023

cc: Parties of Record

Case No. 2022-00275

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF BLACK)	
MOUNTAIN UTILITY DISTRICT FOR AN)	CASE NO.
ADJUSTMENT OF ITS WATER RATES)	2022-00275
PURSUANT TO 807 KAR 5:076)	

COMMISSION STAFF'S REPORT
ON BLACK MOUNTAIN UTILITY DISTRICT

Black Mountain Utility District (Black Mountain District) is a water utility organized pursuant to KRS Chapter 74 that owns and operates a water distribution system through which it provides retail water service to approximately 3,289 residential customers, 58 commercial customers, and 16 public authorities that reside in Harlan County, Kentucky.¹ The merger of Green Hills Water District into Black Mountain District added 507 customers and became effective December 1, 2012.²

On August 22, 2022, Black Mountain District filed an application with the Commission requesting to adjust its water rates pursuant to 807 KAR 5:076. To comply with the requirements of 807 KAR 5:076, Section 9,³ Black Mountain District used the calendar year ended December 31, 2020, as the basis for its application. Results for

¹ *Annual Report of Black Mountain District to the Public Service Commission for the Calendar Year Ended December 31, 2020* (Annual Report) at 12 and 49.

² Case No. 2012-00095, *Application of Black Mountain Utility District and Green Hills Water District for Merger Pursuant to KRS 74.363* (Ky. PSC July 13, 2012); Notice of Filing of Black Mountain Water District (filed Dec. 21, 2012).

³ The reasonableness of the proposed rates shall be determined using a 12-month historical test period, adjusted for known and measurable changes, that coincides with the reporting period of the applicant's annual report for the immediate past year.

2021 had not been accepted by the Commission as complete when the application was filed on August 22, 2022. Black Mountain District's last base rate increase pursuant to the alternative rate filing procedure was in Case No. 2015-00088.⁴ Customers in the legacy Black Mountain District jurisdiction are designated as Division 1 for rate purposes and customers in the legacy Green Hills Water District jurisdiction are designated as Division 2 for rate purposes.⁵ To ensure the orderly review of the application, the Commission established a procedural schedule by Order dated September 23, 2022.⁶

Commission Staff issued its first round of discovery (Staff's First Request) on September 15, 2022. Black Mountain District filed its responses to Staff's First Request on October 7, 2022, which included a letter requesting an additional 14 days to respond to four items.⁷ On October 21, 2022, in accordance with 807 KAR 5:001E, Section 4(5), the Commission found that that good cause existed to grant the motion in order to have a more complete and accurate record.⁸ Further, the procedural schedule was amended to reflect the impact of Black Mountain District's delay on future dates.⁹

Black Mountain District filed its supplemental response to Staff's First Request on October 21, 2022, which again included a letter requesting an additional three days to

⁴ Case No. 2015-00088, *Alternative Rate Adjustment Filing of Black Mountain Utility District* (Ky. PSC Nov. 9, 2015).

⁵ Case No. 2015-00088, Nov 9, 2015 Order at 7.

⁶ An Order was issued on October 3, 2022 correcting the year in one of the procedural dates of the schedule issued on September 23, 2022.

⁷ Black Mountain District's Read-First Letter (filed Oct. 7, 2022).

⁸ Order (Ky. PSC Oct. 21, 2022).

⁹ Order (Ky. PSC Oct. 21, 2022).

respond to one item.¹⁰ On October 24, 2022, Black Mountain District's updated supplemental response to Staff's First Request was submitted.

Commission Staff issued its second round of discovery (Staff's Second Request) on October 28, 2022. Black Mountain District filed a partial response on November 14, 2022, which, for the third time, included a letter requesting an additional 30 days to respond to several items.¹¹ On December 6, 2022, in accordance with 807 KAR 5:001E, Section 4(5), the Commission found that that good cause existed to grant the motion in order to have a more complete and accurate record.¹²

Black Mountain District filed partial supplemental responses on December 14, 2022, including a letter stating that it was unable to respond to a number of questions and another extension would not meaningfully change its ability to respond.¹³ Black Mountain District further stated that it was willing to meet with Commission Staff to review available information to provide assurance that the alternative fate filing application was reasonable and appropriate.¹⁴ On December 29, 2022, in accordance with 807 KAR 5:001E, Section 4(5), the Commission found that good cause existed to schedule an Informal Conference and the request was granted.¹⁵ On December 29, 2022, the procedural schedule was amended to reflect the addition of an Informal Conference and its impact

¹⁰ Black Mountain District's Read-First Letter (filed Oct. 21, 2022).

¹¹ Black Mountain District's Read-First Letter (filed Nov. 14, 2022).

¹² Order (Ky. PSC Dec. 6, 2022).

¹³ Black Mountain District's Read-First Letter (filed Dec. 14, 2022).

¹⁴ Black Mountain District's Read-First Letter (filed Dec. 14, 2022).

¹⁵ Order (Ky. PSC Dec. 29, 2022).

on future dates.¹⁶ Commission Staff conducted an Informal Conference on January 5, 2023.

Based upon the Informal Conference and ongoing extension of time to respond to Commission Staff's discovery requests, the Commission entered an amended procedural schedule on March 7, 2023, extending the date from March 7, 2023, to March 15, 2023, to file the Commission Staff's Report in this matter

WATER LOSS

The Commission notes that in its 2020 Annual Report, Black Mountain District reported a water loss of 47.9095 percent.¹⁷ Commission regulation 807 KAR 5:066 Section 6(3), states that for ratemaking purposes, a utility's water loss shall not exceed 15 percent of total water produced and purchased, excluding water consumed by a utility in its own operations. The table below shows that the 2020 total annual cost of water loss to Black Mountain District is \$464,858, while the annual cost of water loss in excess of 15 percent is \$319,316.

Total Water Loss	Purchased Water	Power	Total
Pro Forma Purchases	\$ 851,385	\$ 118,900	\$ 970,285
Water Loss Percent	47.9095%	47.9095%	
Total Water Loss	<u>\$ 407,894</u>	<u>\$ 56,964</u>	<u>\$ 464,858</u>

Disallowed Water Loss	Water	Power	Total
Pro Forma Purchases	851,385	118,900	
Water Loss in Excess of 15%	32.9095%	32.9095%	
Disallowed Water Loss	<u>\$ 280,187</u>	<u>\$ 39,129</u>	<u>\$ 319,316</u>

¹⁶ Order (Ky. PSC Dec. 29, 2022).

¹⁷ *Annual Report of Black Mountain District to the Public Service Commission for the Calendar Year Ended December 31, 2020* (Annual Report) at 58.

DISCUSSION

Using its pro forma test-year operations, Black Mountain District determined that a base rate revenue increase of \$90,449, or 5.54 percent, is necessary to achieve the revenue requirement as shown in the table below.¹⁸

Pro Forma Operating Expenses	\$ 1,753,094
Plus: Average Annual Principal and Interest Payments	150,712
Additional Working Capital	<u>30,142</u>
Overall Revenue Requirement	1,933,948
Less: Other Operating Revenue	(58,935)
Miscellaneous Service Revenues	<u>(152,927)</u>
Revenue Required from Rates	1,722,086
Less: Pro Forma Present Rate Service Revenues	<u>(1,631,637)</u>
Required Revenue Increase	<u><u>\$ 90,449</u></u>
Percentage Increase	<u><u>5.54%</u></u>

To determine the reasonableness of the rates requested by Black Mountain District, Commission Staff performed a limited financial review of Black Mountain District's test-year operations. The scope of Commission Staff's review was limited to determining whether operations reported for the test year were representative of normal operations. Known and measurable¹⁹ changes to test-year operations were identified and

¹⁸ Application Attachment #4, Revenue Requirements Using Debt Service Coverage Method, at 16.

¹⁹ Commission regulation 807 KAR 5:076, Section 9, sets the standard for the determination of the reasonableness of proposed rates and states, in pertinent part, that the test period shall be "adjusted for known and measurable changes." See also Case No. 2001-00211, *Application of Hardin County Water District No. 1 for (1) Issuance of Certificate of Public Convenience and Necessity; (2) Authorization to Borrow Funds and to Issue its Evidence of Indebtedness Therefore; (3) Authority to Adjust Rates; and (4) Approval to Revise and Adjust Tariff* (Ky. PSC Mar. 1, 2002); Case No. 2002-00105, *Application of Northern Kentucky Water District for (A) an Adjustment of Rates; (B) a Certificate of Public Convenience and Necessity for Improvements to Water Facilities if Necessary; and (C) Issuance of Bonds* (Ky. PSC June 25, 2003); Case No. 2017-00417, *Electronic Proposed Adjustment of the Wholesale Water Service Rates of Lebanon Water Works* (Ky. PSC July 12, 2018).

adjustments made when their effects were deemed material. Insignificant and immaterial discrepancies were not necessarily pursued or addressed.

Commission Staff's findings are summarized in this report. Jeff Abshire and Noah Abner reviewed the calculation of Black Mountain District's Overall Revenue Requirement and Jason Green reviewed Black Mountain District's reported revenues and rate design.

SUMMARY OF FINDINGS

1. Overall Revenue Requirement and Required Revenue Increase. By applying the Debt Service Coverage (DSC) method, as generally accepted by the Commission, Commission Staff found that Black Mountain District's required revenue from water sales is \$1,699,140 to meet the Overall Revenue Requirement of \$1,913,196 and that a \$67,503 revenue increase, or 4.14 percent, to pro forma present rate revenues is necessary to generate the Overall Revenue Requirement.

2. Water Loss Reduction Surcharge. In its application, Black Mountain District requested to implement a per customer, monthly water loss reduction surcharge of \$3.65 for Division 1 and \$7.91 for Division 2 for a period of 48 months.²⁰ Black Mountain District stated that the proposed surcharge is different for Division 1 and Division 2 customers "in order to restore equity between the two divisions which were previously separate utilities."²¹ Black Mountain District further stated "Division 2 has significantly higher water loss than Division 1 and Black Mountain District commissioners believe that it would be unfair to charge the customers of Division 1 the same water loss reduction surcharge as

²⁰ Application Attachment 1 at 8 and Attachment 3 at 13; Black Mountain District's Response to Staff's Second Request (filed Nov. 14, 2022), Attachment 1d Rate Study.xlsx {Bills with Surcharge DSC}.

²¹ Black Mountain District's Response to Staff's Second Request (filed Nov 14, 2022), 12a.

customers of Division 2.²² Black Mount District based the monthly amount of the proposed surcharge upon the sum of purchased water and purchased power expense normally disallowed pursuant to 807 KAR 5:066, Section 6(3). While Black Mountain District proposed to implement a surcharge, it provided limited information with respect to future water loss reduction plans, even though water loss has been an ongoing issue.²³

The use of a surcharge is consistent with prior Commission action in cases involving water utilities with excessive unaccounted-for water loss in excess of 30 percent.²⁴ Recognizing prior Commission precedent to allow the use of surcharges to assist utilities in obtaining the proper funding needed to combat water loss, Commission Staff recommends that the Commission approve a water loss surcharge Black Mountain District.

However, counter to Black Mountain District's proposal, Commission Staff recommends that a uniform surcharge be applied to all customers within the district. First, Commission Staff notes that Black Mountain District did not provide any supporting documentation demonstrating that Division 2 experiences a higher level of water loss than

²² Black Mountain District's Response to Staff's Second Request (filed Nov. 14, 2022), 12a.

²³ Black Mountain District's Response to Staff's Second Request (filed Dec. 14, 2022), 3a Water Loss Efforts.pdf.

²⁴ See Case No. 96-126, *An Investigation into the Operations and Management of Mountain Water District* (Ky. PSC Aug. 11, 1997); Case No. 2011-00217, *Application of Cannonsburg Water District for (1) Approval of Emergency Rate Relief and (2) Approval of the Increase in Nonrecurring Charges*, (Ky. PSC June 4, 2012); Case No. 2018-00017, *Application of Martin County Water District for an Alternative Rate Adjustment* (Ky. PSC Nov. 5, 2018); Case No. 2018-00429, *Application of Graves County Water District for an Alternative Rate Adjustment* (Ky. PSC Sept. 30, 2019); and Case No. 2019-00119, *Electronic Application of Estill County Water District No. 1 for a Surcharge to Finance Water Loss Control Efforts* (Ky. PSC Mar. 24, 2010); Case No. 2020-00141, *Electronic Application of Hyden-Leslie County Water District for an Alternative Rate Adjustment* (Ky. PSC Nov. 6, 2020), Order at 11-13.

Division 1. Second, other than the debt coverage surcharge, Black Mountain District's divisions have unified rates.

Commission Staff calculated the proposed water loss surcharge as follows:

Disallowed Water Loss	\$	319,316
Customers		3,363
Monthly Surcharge	<u>\$</u>	<u>7.91</u>

The proposed surcharge represents an approximate 16 percent increase in rates, on top of the proposed 4.14 percent rate increase in this case. The combined rate increase and water loss surcharge would represent an average increase of 18.6 to 21 percent on customer bills. Commission Staff is concerned that the compounding impact of the surcharge could create a level of rate shock to customers, especially those with lower-than-average usage. Therefore, Commission Staff recommends that the surcharge be implemented via a phased-in approach.

Commission Staff recommends that the proposed \$7.91 be phased-in over three years (\$2.63 for the first year, increasing to \$5.27 in the second year, and to \$7.91 in the third year). Commission Staff acknowledges that this rate design represents a new approach to implementing a water loss surcharge. However, Commission Staff concludes that it is appropriate for this case, given that the surcharge represents the bulk of the overall increase. In addition, given that Black Mountain does not have a documented plan to address its excessive water loss and has limited liquidity, it presents the opportunity for the Commission to direct that the initial surcharge proceeds be used to identify and develop its water loss mitigation plan for Commission approval. The ongoing phases would then provide the district with the necessary funds to implement the

plan. Overall, Commission Staff recommends that the surcharge be in place for 48 months.

In keeping with Commission practice, Commission Staff recommends that the Commission establish a separate proceeding to monitor the surcharge and place strict controls over the use of the funds that will be collected from the surcharge and require Black Mountain District to develop a long-term plan, as noted above, to address its aging infrastructure and combat water loss within six months of the final order in this proceeding.

3. Monthly Water Service Rates. Black Mountain District proposed to increase its monthly retail and wholesale water service rates by approximately 5.54 percent across the board. Black Mountain District has not performed a cost of service study (COSS). Black Mountain District stated that it did not complete a COSS at this time as there have been no material changes in the water system.²⁵

The Commission has previously found that the allocation of a revenue increase evenly across the board to a utility's rate design is appropriate when there has been no evidence entered into the record demonstrating that this method is unreasonable and in the absence of a COSS. Finding no such evidence in this case, Commission Staff has followed the method previously accepted by the Commission and has allocated the \$67,503 revenue increase evenly across the board to Black Mountain District's monthly retail and wholesale water service rates.

The rates set forth in Appendix A to this report are based upon the revenue requirement, as calculated by Commission Staff, and will produce sufficient revenues from water sales to recover the \$1,699,140 Revenue Required from Rates, an

²⁵ Black Mountain District's Response to Staff's First Request (filed Oct 7, 2022), Item 3a.

approximate 4.14 percent increase. In year one, these rates (including the proposed phased-in surcharge rate) will increase a typical residential monthly water bill for customers located in the Division 1 service area from \$46.27 to \$50.64, an increase of \$4.37, or approximately 9.44 percent.²⁶ These rates will increase a typical residential monthly water bill for customers located in the Division 2 service area from \$42.01 to \$46.38, an increase of \$4.37, or approximately 10.40 percent.²⁷ In year two, these rates will increase a typical residential monthly water bill for customers located in the Division 1 service area from \$50.64 to \$53.28, an increase of \$2.64, or approximately 5.21 percent. These rates will increase a typical residential monthly water bill for customers located in the Division 2 service area from \$46.38 to \$49.02, an increase of \$2.64, or approximately 5.69 percent. In year three, these rates will increase a typical residential monthly water bill for customers located in the Division 1 service area from \$53.28 to \$55.92, an increase of \$2.64, or approximately 4.95 percent. These rates will increase a typical residential monthly water bill for customers located in the Division 2 service area from \$49.02 to \$51.66, an increase of \$2.64 or approximately 5.39 percent. The \$4.26 difference between Division 1 and Division 2 rates is due to a debt service surcharge on Division 1 customers that is described below.

²⁶ The typical residential customer uses approximately 4,000 gallons per month. Application, Black Mountain District Customer Notice (filed Aug. 22, 2022) at 8. The average customer bill for Division 1 customers also includes Black Mountain District's debt service surcharge of \$4.26 per month as well as a year-one water loss surcharge of \$2.63 per month.

²⁷ The average customer bill for Division 2 customers includes Black Mountain District's year-one water loss surcharge of \$2.63 per month.

Additionally, if the Commission accepts the proposed rates, a re-notice to customers will be required.²⁸

4. Nonrecurring Charges. Following the Commission’s recent decisions,²⁹ Commission Staff has reviewed Black Mountain District’s nonrecurring charges. The Commission has found that, as district personnel are currently paid during normal business hours, estimated labor costs previously included in determining the amount of Nonrecurring Charges should be eliminated from the charges. Commission Staff has reviewed the cost justification information provided by Black Mountain District and have adjusted these charges by removing Field Labor Costs and Office/Clerical Labor Costs from those charges that occur during normal business hours.³⁰ Such adjustments result in the following revised nonrecurring charges:

	<u>Nonrecurring Charge</u>	
	<u>Current Charge</u>	<u>Revised Charge</u>
Reconnection Fee	\$25.00	\$8.00
Reconnection Fee (After Hours)	\$50.00	\$43.00
Meter Cover Replacement	\$50.00	\$35.00
Meter Re-Read Charge	\$15.00	\$5.00
Broken Meter Lock	\$25.00	\$15.00
Returned Check Charge	\$32.00	\$2.00
Meter Test Charge	\$25.00	\$25.00

²⁸ Commission regulation 807 KAR 5:076, Section 11(3)(f), states, “If commission staff reports that the applicant's financial condition supports a higher rate than the applicant proposed or commission staff recommends the assessment of an additional rate or charge not proposed in the application and commission staff's proposed rates produce a total increase in revenues that exceeds 110 percent of the total increase in revenues that the applicant's proposed rates will produce and the applicant amends its application to request commission staff's proposed rates, the commission shall order the applicant to provide notice of the finding or recommendation to its customers.”

²⁹ Case No. 2020-00141, *Electronic Application of Hyden-Leslie County Water District for an Alternative Rate Adjustment* (Ky. PSC Nov. 6, 2020); Case No. 2020-00167, *Electronic Application of Ohio County Water District for an Alternative Rate Adjustment* (Ky. PSC Dec. 3, 2020); Case No. 2020-00196, *Electronic Application of West Daviess County Water District for an Alternative Rate Adjustment* (Ky. PSC Dec. 30, 2020); and Case No. 2020-00195 *Electronic Application of Southeast Daviess County Water District for an Alternative Rate Adjustment* (Ky. PSC Dec. 30, 2020).

³⁰ Black Mountain District’s Response to Staff’s First Request (filed Oct. 7, 2022), Item 6.

The adjustments to the Nonrecurring Charges result in a decrease in Other Operating Revenue of \$5,857 as shown below.

	Occurrences	Current Charge	Revised Charge	Adjustment	Pro Forma
Reconnection Fee	211	\$25.00	\$8.00	-\$3,587	\$1,688
Reconnection Fee (After Hours)	0	\$50.00	\$43.00	\$0	\$0
Meter Cover Replacement	0	\$50.00	\$35.00	\$0	\$0
Meter Re-Read Charge	0	\$15.00	\$5.00	\$0	\$0
Broken Meter Lock	23	\$25.00	\$15.00	-\$230	\$345
Returned Check Charge	68	\$32.00	\$2.00	-\$2,040	\$1,700
Meter Test Charge	1	\$25.00	\$25.00	\$0	\$25
Total				-\$5,857	
Pro Forma Test Year NRC Revenue					\$2,194
Less: Test Year NRC Revenue					<u>\$8,051</u>
Adjustment					<u><u>-\$5,857</u></u>

5. Debt Service Surcharge (Division 1). Black Mountain District collects a monthly debt service surcharge of \$4.26 per customer from the customers within the Black Mountain District service territory that was not acquired through its merger with Green Hills Water District.³¹ Black Mountain District did not propose to adjust the amount of the surcharge. Commission Staff reviewed the debt service surcharge and agreed with Black Mountain District's amount.

PRO FORMA OPERATING STATEMENT

Black Mountain District's Pro Forma Operating Statement for the test year ended December 31, 2020, as determined by Commission Staff, appears below. Commission Staff reviewed Black Mountain District's classification of operating expenses for its 2020

³¹ Case No. 2015-00088, *Alternative Rate Adjustment Filing of Black Mountain Utility District* (Ky. PSC Nov. 9, 2015).

Annual Report, in conjunction with an in-depth review of 2020 trial balance account details, and concluded that, while Black Mountain District did propose certain reclassifications in its Schedule of Adjusted Operations (SAO), a restatement of the Test Year expense classifications as the starting point for Pro Forma adjustments was warranted due to the number of misclassifications. The Pro Forma statement below presents both Black Mountain District's original Test Year classifications and the "Revised Test Year" based on Commission Staff's review. Commission Staff's proposed adjustment amounts are based on the Revised Test Year.

	Test Year (Applicant Submitted)	Increase / (Decrease)	Revised Test Year (Commission Staff)	Adjustment	(Ref.)	Pro Forma
Operating Revenues						
Sales of Water	\$ 1,787,938	\$ -	\$ 1,787,938	\$ (152,927)	(A)	
				(9,186)	(A)	
				5,812	(B)	1,631,637
Debt Service Surcharge				152,927	(D)	152,927
Miscellaneous Water Revenues			0	8,051	(C)	
				(5,857)	(C)	2,194
Late Payment Penalties				9,186	(A)	
				49,749	(D)	58,935
Total Operating Revenues	1,787,938	0	1,787,938	57,755		1,845,693
Operating Expenses						
Operation and Maintenance Expenses						
Salaries and Wages - Employees	327,268	654	327,922	(28,070)	(G)	
				(1,860)	(H)	297,992
Employee Benefits	5,692	84,928	90,620	(16,538)	(I)	
				(16,258)	(I)	57,824
Purchased Water	862,185	(10,800)	851,385	(280,187)	(J)	571,198
Purchased Power for Pumping	118,900	2,882	121,782	(39,129)	(J)	
				(2,882)	(F)	79,771
Materials and Supplies	69,748	6,224	75,972	(4,340)	(H)	
				(6,224)	(F)	65,408
Contractual Services	34,482	(5,700)	28,782	(11,722)	(F)	17,060
Repairs		64,191	64,191			64,191
Water Testing		19,222	19,222	(1,800)	(F)	17,422
Transportation Expense	26,069	0	26,069			26,069
Insurance	115,962	(84,928)	31,034			31,034
Miscellaneous Expense	166,900	(106,384)	60,516	(17,205)	(F)	43,311
Total Operation and Maintenance Exp	1,727,206	(29,711)	1,697,495	(426,215)		1,271,280
Taxes Other Than Income		29,711	29,711	(2,725)	(K)	26,986
Depreciation	505,159	0	505,159	(368)	(L)	
				(70,715)	(L)	434,076
Total Operating Expenses	2,232,365	0	2,232,365	(500,023)		1,732,342
Net Operating Income	(444,427)		(444,427)	557,778		113,351
Interest Income						0
Income Available to Service Debt	\$ (444,427)	\$ -	\$ (444,427)	\$ 557,778		\$ 113,351

(A) Revenue Reclassifications. Black Mountain District proposed to decrease its test-year revenues from water sales of \$1,787,938 by \$152,927 and \$9,186 due to the misclassification of forfeited discounts and miscellaneous service revenues. Black

Mountain District stated that \$152,927 in grant revenue was misclassified as metered sales and reclassified it to Miscellaneous Service Revenues.³² Commission Staff agrees with the reclassification but notes that the revenue source is the Debt Service Surcharge that is applicable solely to Division 1 customers.³³ Additionally, Black Mountain District proposed to reclassify \$9,186 as forfeited discounts that were misclassified as revenues from water sales. Commission Staff agrees with the reclassification.

(B) Billing Analysis Adjustment. Black Mountain District provided a billing analysis listing the water usage and water sales revenue for the 12-month test year in its application. Using the gallons of water billed to retail customers during the test year and using the rates authorized in its current tariff, Black Mountain District calculated a normalized revenue of \$1,631,637 and proposed an increase in test-year retail metered sales by \$5,812. Commission Staff agrees with Black Mountain District's proposed adjustment to test year revenues from retail customers.

(C) Miscellaneous Water Revenues. In its 2020 Annual Report, Black Mountain District reported \$0.00 in miscellaneous water revenues. In its response to Staff's First Request, Black Mountain District indicated that it recovered \$8,051 in revenues from its nonrecurring charges.³⁴ Therefore, miscellaneous water revenues was increased by \$8,051 to reflect the amount received due to nonrecurring charges. As discussed above, the adjustment to the nonrecurring charges results in a decrease to this amount by \$5,857, for a total adjustment to miscellaneous water revenues of \$2,194.

³² Application, Attachment 4, Schedule of Adjusted Operations, references at 17.

³³ Black Mountain District's Response to Staff's First Request (filed Oct. 7, 2022), 1a_Trial_Balance_2020.xlsx; Black Mountain Utility District Tariff at 2 (effective Nov 19, 2015).

³⁴ Black Mountain District's Response to Staff's First Request (filed Oct. 7, 2022), Item 5.

(D) Late Payment Penalties. In addition to the reclassification noted above, Black Mountain District proposed an increase of \$49,749 in late payment penalties for a total of \$58,935 but did not explain its adjustment. Commission Staff calculated a three year average of late fees³⁵ and concluded, based on the analysis below, that Black Mountain District’s proposed adjustment is reasonable and, therefore, included Black Mountain District’s proposed increase of \$49,749 in the Pro Forma.

<u>Year</u>	<u>Amount</u>
2017	\$ 57,899
2018	\$ 60,265
2019	\$ 59,017
Three Year Average	\$ 59,060
2020 Proposed	\$ 58,935
2020 as Percent 3 Yr Average	99.79%

(E) Debt Service Surcharge – Division 1 Customers. Black Mountain District reclassified the Debt Service Surcharge of \$152,927 from Sales of Water and did not propose any adjustment to the amount. Commission Staff agrees with the reclassification, the amount, and included it as Debt Service Surcharge (Other Income).

(F) Removal of Sewer Expenses from Accounts. As noted previously, Commission Staff encountered difficulty in its review of Black Mountain District’s general ledger. Black Mountain District does not segregate sewer expenses in a manner that makes them readily identifiable. Commission Staff identified some sewer expenses that Black Mountain District had excluded from line items in its annual report but that were

³⁵ Black Mountain District’s Response to Staff’s First Request (filed Oct 21, 2022), 8_Late_Payment_Fees.pdf.

subsequently grouped with Miscellaneous Expenses. Commission Staff reduced expenses in the Revised Test Year by \$39,833 for the amounts identified.³⁶

Purchased Power for Pumping	\$	2,882
Materials and Supplies		6,224
Contractual Services		11,722
Water Testing		1,800
Miscellaneous Expenses		17,205
Total	\$	<u>39,833</u>

(G) Salaries and Wages - Employees. In its application, Black Mountain District proposed to decrease Salaries and Wages – Employees by \$28,070 to reflect the net effect of vacancies, new hires, and authorized wage increases after the test year.³⁷ Commission Staff reviewed Black Mountain District’s calculations and determined the proposed adjustments are an accurate representation of the decrease in the annual labor expense to Black Mountain District. Accordingly, Commission Staff decreased Salaries and Wages by \$28,070 to reflect a Pro Forma amount of \$299,852 before adjusting for capitalized tap fee labor.

(H) Capitalization of Cost of Customer Taps. During the test year, Black Mountain District installed 15 regular meter connections.³⁸ Black Mountain District proposed to reduce Salaries and Wages by \$1,860 and Materials and Supplies by \$4,340. Commission Staff reviewed Black Mountain District’s calculations and determined the proposed adjustments are an accurate representation of the decrease in the annual labor expense to Black Mountain District and reduced each expense classification accordingly.

³⁶ Black Mountain District’s Response to Staff’s First Request (filed Oct. 7, 2022), 1a_General_Ledger_2020.xlsx.

³⁷ Application, Attachment #4, Schedule of Adjusted Operations, References, Adjustment E.

³⁸ Black Mountain District’s Response to Commission Staff’s Request (filed Oct. 7, 2022), Item 4 .

(l) Employee Benefits. In its application, Black Mountain District proposed a decrease of \$9,146 in employee benefits costs to reflect changes in the current number of covered employees net of inflation.³⁹ Based on the Revised Test Year, Commission Staff determined that the cost reduction to medical benefits should be \$16,538.

Black Mountain District pays 100 percent of the cost of employee insurance coverage. Black Mountain District proposed to reduce the Pro Forma amount for ratemaking purposes by \$16,258 to reflect the Commission's policy of prohibiting rate recovery of any employer contribution for medical insurance that exceeds 79 percent of the cost of the single premium coverage.⁴⁰

Commission Staff notes that the Commission has consistently made ratemaking adjustments to reduce the cost of employee benefit packages paid by some utilities when certain aspects of those benefit packages were found to be unreasonable based on a review of total salaries and fringe benefits. The Commission continues to place greater emphasis on evaluating employees' total compensation packages, including both salary and benefits programs, for market and geographic competitiveness to ensure the development of a fair, just and reasonable rate. It has found that, in most cases, 100 percent of employer-funded health care does not meet those criteria. As such, Commission Staff reviewed Black Mountain District's supporting calculations and agrees with Black Mountain District's proposed adjustment with respect to its application to prior Commission precedent on this issue and the amount.

³⁹ Application, Attachment #4, Statement of Adjusted Operations, References, Adjustment G.

⁴⁰ Application, Exhibit C, Statement of Adjusted Operations, References, Adjustment H.

(J) Water Loss. In its application, Black Mountain District proposed a reduction to Purchased Water Expense of \$283,741 to account for the district's water loss in excess of 15 percent.⁴¹ Additionally, Black Mountain District proposed a reduction of \$39,129 to Purchased Power expense to reflect the disallowance of Purchased Power Expense attributable to water loss above 15 percent.⁴² Commission Staff applied Black Mountain District's calculations to the Revised Test Year amounts and determined that the reduction to Purchased Water Expense should be \$280,187. Commission Staff determined that the reduction to Purchased Power Expense should be \$39,129 and accepts Black Mountain District's proposed adjustments.

Total Water Loss	Purchased Water	Power	Total
Pro Forma Purchases	\$ 851,385	\$ 118,900	\$ 970,285
Water Loss Percent	47.9095%	47.9095%	
Total Water Loss	\$ 407,894	\$ 56,964	\$ 464,858

Disallowed Water Loss	Water	Power	Total
Pro Forma Purchases	851,385	118,900	
Water Loss in Excess of 15%	32.9095%	32.9095%	
Disallowed Water Loss	\$ 280,187	\$ 39,129	\$ 319,316

(K) Taxes other than Income - FICA. Black Mountain District proposed to decrease Taxes Other than Income by \$4,717 to reflect a reduction of FICA taxes on pro forma wage decreases. Commission Staff recalculated FICA taxes based on pro forma wages of \$299,852 and reduced Taxes Other than Income by \$2,725 as shown in the table below.

⁴¹ Application, Attachment #4, Schedule of Adjusted Operations, References, Adjustment I.

⁴² Application, Attachment #4, Schedule of Adjusted Operations, References, Adjustment I.

Pro Forma Wages Before Tap Fee Adjustment	\$ 299,852
FICA Rate	7.65%
FICA	22,939
PSC Filing Expense (g/l account 5050)	4,047
Pro Forma Total	26,986
Revised Test Year ()	(29,711)
Adjustment	\$ (2,725)

(L) Depreciation Expense. In its application, Black Mountain District reported test year Depreciation Expense of \$505,159.⁴³ Black Mountain District decreased its test year depreciation by \$368 to correct an error in reporting. Black Mountain District also decreased its test year depreciation by \$70,715 for adjustments of asset service lives to the midpoint of service life range as set forth in the National Association of Regulatory Utility Commissioners' (NARUC) publication titled *Depreciation Practices for Small Water Utilities* (NARUC Study). To evaluate the reasonableness of the depreciation practices of small water utilities, the Commission has historically relied upon the NARUC Study published in 1979. When no evidence exists to support a specific life that is outside the NARUC ranges, the Commission has historically used the midpoint of the NARUC ranges to depreciate the utility plant. In this proceeding, Commission Staff found no evidence to support depreciable lives that vary significantly from the midpoint of the NARUC ranges. Commission Staff agrees with Black Mountain District's proposed adjustments and decreased pro forma Depreciation Expense \$71,083 accordingly.

OVERALL REVENUE REQUIREMENT AND REQUIRED REVENUE INCREASE

The Commission has historically applied a Debt Service Coverage (DSC) method to calculate the Overall Revenue Requirement of water districts and water associations. This method allows for recovery of (1) cash-related pro forma operating expenses; (2)

⁴³ Application, ARF-SAO.pdf

recovery of depreciation expense, a non-cash item, to provide working capital;⁴⁴ (3) the average annual principal and interest payments on all long-term debts; and (4) working capital that is in addition to depreciation expense.

	Black Mountain District	Commission Staff
Pro Forma Operating Expenses	\$ 1,753,094	\$ 1,732,342
Plus: Average Annual Principal and Interest Payments	150,712	150,712
Additional Working Capital	30,142	30,142
Overall Revenue Requirement	1,933,948	1,913,196
Less: Other Operating Revenue	(58,935)	(61,129)
Miscellaneous Service Revenues	(152,927)	(152,927)
Revenue Required from Rates	1,722,086	1,699,140
Less: Pro Forma Present Rate Service Revenues	(1,631,637)	(1,631,637)
Required Revenue Increase	\$ 90,449	\$ 67,503
Percentage Increase	5.54%	4.14%

1. Average Annual Principal and Interest Payments. At the time of Commission Staff's review, Black Mountain District had seven outstanding loans from the United States Department of Agriculture Rural Development (RD), two outstanding loans from the Kentucky Infrastructure Authority (KIA), and one bank note. Black Mountain District requested recovery of the average annual principal and interest on its indebtedness based on a five-year average of the annual principal, interest, and fee

⁴⁴ The Kentucky Supreme Court has held that the Commission must permit a water district to recover its depreciation expense through its rates for service to provide internal funds for renewing and replacing assets. See *Public Serv. Comm'n of Kentucky v. Dewitt Water Dist.*, 720 S.W.2d 725, 728 (Ky. 1986). Although a water district's lenders require that a small portion of the depreciation funds be deposited annually into a debt reserve/depreciation fund until the account's balance accumulates to a required threshold, neither the Commission nor the Court requires that revenues collected for depreciation be accounted for separately from the water district's general funds or that depreciation funds be used only for asset renewal and replacement. The Commission has recognized that the working capital provided through recovery of depreciation expense may be used for purposes other than renewal and replacement of assets. See Case No. 2012-00309, *Application of Southern Water and Sewer District for an Adjustment in Rates Pursuant to the Alternative Rate Filing Procedure for Small Utilities* (Ky. PSC Dec. 21, 2012).

payments for the years 2022 through 2026.⁴⁵ Commission Staff agrees with the methodology Black Mountain District proposed and included \$150,712 in the calculation of the revenue requirement.

Possible Violation of KRS 278.300. Commission Staff is concerned that an existing note payable to Monticello Bankshares does not conform with the requirements of KRS 278.300. Black Mountain District entered into a debt agreement with the Bank of Harlan (subsequently acquired by Monticello Bankshares) on June 16, 2015, for \$150,000 with a maturity date of June 16, 2016.⁴⁶ Black Mountain District did not provide any documentation that, at any point, it had sought approval for the loan from the Commission. Black Mountain District provided copies of the original note as well as a note dated July 1, 2020,⁴⁷ and an amendment dated September 1, 2022,⁴⁸ but was unable to provide copies of each renewal during interim periods. As of October 31, 2022, the balance was approximately \$101,000.⁴⁹ As of December 31, 2022, the note has been outstanding for approximately 7.5 years.

As of this report, the indebtedness has been renewed for over a six-year period and, as such, Commission Staff recommends that the Commission open an investigation at the conclusion of this case to determine if the ongoing renewal of this loan beyond a

⁴⁵ Application, Table B, Debt Service Schedule.

⁴⁶ Black Mountain District's Supplemental Response to Staff's First Request (filed Oct. 24, 2022), item 7a_Original_Bank_Note.pdf.

⁴⁷ Application at 185.

⁴⁸ Black Mountain District's Supplemental Response to Staff's First Request (filed Oct 24, 2022), Item 7b_Original_Bank_Note.pdf.

⁴⁹ Black Mountain District's Supplemental Response to Staff's Second Request (filed Dec 14, 2022), Item 5_Recent_Reports.pdf.

six-year period is now a violation of KRS 278.300. However, Commission Staff would recommend that this investigation be included as part of an overall larger investigation into the financial and operating capacity of Black Mountain District based on concerns outlined later in Commission Staff's Report.

2. Additional Working Capital. The DSC method, as historically applied by the Commission, includes an allowance for additional working capital that is equal to the minimum net revenues required by a district's lenders that are above its average annual debt payments. In its exhibits, Black Mountain District requested recovery of an allowance for working capital that is equal to 120 percent of its average annual debt payments.⁵⁰ RD requires that Black Mountain District charge rates that produce net revenues that are at least 120 percent of its average annual debt payments. Following the Commission's historic practice of including additional working capital, \$30,142 is included in the revenue requirement.

SUPPLEMENTAL COMMISSION STAFF COMMENTS

Commission Staff notes concerns about Black Mountain District's accounting records, statutory reporting, and governance. Commission Staff acknowledges that all current commissioners have been appointed subsequent to July 31, 2020, when the entire Board of Commissioners resigned.⁵¹ Some of the issues noted overlap of their tenure.⁵²

⁵⁰ Application, Table B, Debt Service Schedule.

⁵¹ However, based on a review of the Board of Commissioners' meeting minutes from July 2020, the Judge Executive is noted as saying that no one had done anything wrong, and the resignations were solely done to satisfy the PSC.

⁵² Black Mountain District's Response to Staff's First Request, Item 1g_Board_Members_History.pdf

The following items are not all inclusive but demonstrate Commission Staff's concerns.

1. Black Mountain District's response to a number of requests was that the information was not available, or it does not maintain the information.⁵³ Commission Staff did not attempt to assess what improvements have been made subsequent to the change in commissioners.⁵⁴

2. Audited financial statements are required to be filed annually with the Commission.⁵⁵ The most recent audited financial statements filed with the Commission by Black Mountain District are for the year ended December 31, 2017. Audited financial statements for 2019 and 2020 were provided as part of this case,⁵⁶ but the audit for 2021 was only recently started.⁵⁷

3. Black Mountain District does not appear to segregate water and wastewater cost centers.⁵⁸ While Commission Staff could identify some expenses, there is no certainty that all were captured and excluded from the water analysis. Commission Staff

⁵³ Black Mountain District's Updated Supplemental Response to Staff's First Request (filed Oct. 24, 2022), Item Updated_Supplemental_Response_to_RF_1.pdf; Response to Staff's Second Request (filed Dec. 14, 2022), Item Read_First_RFI_2_Supplemental_Response.pdf.

⁵⁴ A review "of the Board of Commissioners' meeting minutes would indicate that no systematic or institutional changes were made to the district.

⁵⁵ 807 KAR 5:006, Section 4(3), states "Financial statement audit reports. A utility required to file a report in accordance with subsection (2) of this section shall file with the commission on or before September 30 each year, a copy of the audit report of the Kentucky regulated entity, from the audit performed the previous year, or a statement that no audit was performed of the Kentucky regulated entity the previous year. For good cause shown, the executive director of the commission shall, upon application in writing, allow an appropriate extension of time for the filing."

⁵⁶ Black Mountain District's Supplemental Response to Staff's First Request (filed Oct. 21, 2022), 1h_2019_Audit.pdf, 1h_2020_Audit.pdf.

⁵⁷ Black Mountain District's Response to Staff's First Request, Item 1.b.

⁵⁸ Black Mountain District's Supplemental Response to Staff's Second Request (filed Dec. 14, 2022), Item 7.d.

also notes that Black Mountain District reported a “Due From Sewer Fund” receivable of \$136,091.64 in its water accounts as of October 31, 2022.⁵⁹ Commission Staff recommends the Black Mountain District establish separate cost centers for water and wastewater operations and include consolidating reports in its audited financial statements.⁶⁰

4. Black Mountain District represented a revenue item in the SAO as a grant⁶¹ that Commission Staff later determined was the debt service surcharge for Division 1 tariff customers. When questioned about why a grant source would recur, Black Mountain District stated that the item should be removed from the SAO.⁶²

5. Commission Staff used the 2020 Annual Report for the test year because 2021 had not been accepted by the Commission as complete when the application was filed on August 22, 2022. Under 807 KAR 5:006, Section 4(2), annual reports must be filed on or before March 31 of each year. It is unclear why Black Mountain District’s 2021 Annual Report was incomplete almost five months after the regulatory due date.

6. Black Mountain District’s board of commissioners (Board) has acquired all-new members since 2020, after the entire Board resigned. KRS 74.030(8)(b) requires water district commissioners to obtain training from the Commission within 12 months of his or her initial appointment. A commissioner who fails to complete the training within

⁵⁹ Black Mountain District’s Supplemental Response to Staff’s Second Request (filed Dec. 14, 2022), Item 5_Recent_Reports.pdf at 18.

⁶⁰ Based on a review of the Board of Commissioners’ meeting minutes, the Board prioritizes water bills but without firm numbers.

⁶¹ Application at 17, Reference “A”.

⁶² Black Mountain District’s Supplemental Response to Staff’s Second Request (filed Dec. 14, 2022), Item 2.b.

the statutory period forfeits his or her office. Black Mountain District could not provide training records for the commissioners.⁶³ Based on the information provided, it is unclear what the intended service terms for each commissioner were meant to be and when the service terms expired. It is also unclear whether any of the commissioners appointed since 2020 had attended the required training.

7. According to the March, May, and September 2022 Board meeting minutes, the utility was using a portion of \$100,000.00 in federal grant money to pay delinquent bills for daily operating expenses.

8. Black Mountain District stated that it had to use garbage fee collections to operate, and it got three months behind under the prior Board.⁶⁴ On January 11, 2022, Black Mountain District's commissioners voted unanimously "to pay the garbage bills out of surcharge money".⁶⁵ However, the surcharge that was established in Case No. 2015-00088 in which the Order states,

3. The proceeds from the debt service surcharge shall be used for no purpose other than the repayment of the RD bonds and KIA loans that were outstanding at the time Black Mountain merged with Green Hills. To ensure compliance with KRS 74.363(4), Black Mountain shall establish an escrow account with a financial institution into which it shall deposit the surcharge collections and out of which it shall separately account for repayment of these long-term debts. The amount of the surcharge may be reduced from time to time, with the Commission's approval, as each of the nine debt obligations

⁶³ Black Mountain District's Response to Staff's Second Request (filed Dec 14, 2022), Item 1g.

⁶⁴ Black Mountain District's Supplemental Response to Staff's Second Request (filed Dec. 14, 2022), Item 9.a.

⁶⁵ January 11, 2022 meeting minutes (filed Oct. 21, 2022).

is fully retired. The surcharge shall remain in effect until all debts are fully repaid.⁶⁶

KRS 278.390 provides that Commission Orders remain in effect until the expiration of time, if any, named by the Commission in the Order, or until revoked or modified by the Commission, or suspended or vacated by court order. In reviewing Commission records, Commission Staff finds no evidence that the Order was revoked or modified by the Commission or suspended or vacated by court order. Thus, Commission Staff conclude that Black Mountain District potentially violated a Commission Order by using the debt surcharge funds in a manner other than authorized.

9. Black Mountain District has excessive water loss, and it was unable to provide documentation, such as leak detection reports, a water loss reduction plan, or any proposal to address the issue. In recommending the Commission approve the water loss surcharge and the overall financial concerns with Black Mountain District, Commission Staff would recommend imposing strict conditions on the surcharge.

In view of the concerns noted above, Commission Staff recommends that the Commission encourage Black Mountain District to evaluate the need for more extensive operational and financial management guidance in the form of Kentucky Rural Water assistance, either hiring or contracting a full-time accounting or financial management position, and utilization of legal counsel who is experienced with Kentucky law for regulated utilities. Additionally, Commission Staff recommends that the Commission require, in its final Order in this proceeding, that Black Mountain District file an Alternative

⁶⁶ Case No. 2015-00088, *Alternative Rate Adjustment Filing of Black Mountain Utility District* (Ky. PSC Nov. 9, 2015).

Rate Filing based on its audited 2024 financial statements by no later than June 30, 2025. Commission Staff further recommends opening an investigation, pursuant to KRS 278.250 and KRS 278.260, into the financial and operating capacity of the utility to ensure that the utility has the proper procedures and policies in place to “furnish adequate, efficient and reasonable service” and to address the potential violations of KRS Chapter 278, Commission regulations, and Commission Orders, as identified above.⁶⁷

⁶⁷ KRS 278.030(2).

Signatures

/s/ Jeff Abshire

Prepared by: Jeff Abshire
Revenue Requirement Branch
Division of Financial Analysis

/s/ Noah Abner

Prepared by: Noah Abner
Revenue Requirement Branch
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/s/ Jason Green

Prepared by: Jason Green
Rate Design Branch
Division of Financial Analysis

APPENDIX

APPENDIX TO COMMISSION STAFF'S REPORT OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2022-00275 DATED MAR 15 2023

The following rates and charges are prescribed for the customers in the area served by Black Mountain Utility District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under the authority of the Commission prior to the effective date of this Order.

Monthly Water Rates
Phase 1

Division 1

First	2,000 Gallons	\$26.17 Minimum Bill
Over	2,000 Gallons	\$0.00879 Per Gallon

Debt Service Surcharge	\$4.26 Per Month
Water Loss Reduction Surcharge	\$2.63 Per Month

Division 2

First	2,000 Gallons	\$26.17 Minimum Bill
Over	2,000 Gallons	\$0.00879 Per Gallon

Water Loss Reduction Surcharge	\$2.63 Per Month
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Other Rates

Wholesale & Leak Adjustment Rate	\$0.00479 Per Gallon
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Monthly Water Rates
Phase 2 – To Be Implemented One Year After Phase 1 Rates

Division 1

First	2,000 Gallons	\$26.17 Minimum Bill
Over	2,000 Gallons	\$0.00879 Per Gallon

Debt Service Surcharge	\$4.26 Per Month
Water Loss Reduction Surcharge	\$5.27 Per Month

Division 2

First	2,000 Gallons	\$26.17 Minimum Bill
Over	2,000 Gallons	\$0.00879 Per Gallon

Water Loss Reduction Surcharge	\$5.27 Per Month
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Other Rates

Wholesale & Leak Adjustment Rate	\$0.00479 Per Gallon
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Monthly Water Rates
Phase 3 – To Be Implemented One Year After Phase 2 Rates

Division 1

First	2,000 Gallons	\$26.17 Minimum Bill
Over	2,000 Gallons	\$0.00879 Per Gallon

Debt Service Surcharge	\$4.26 Per Month
Water Loss Reduction Surcharge	\$7.91 Per Month

Division 2

First	2,000 Gallons	\$26.17 Minimum Bill
Over	2,000 Gallons	\$0.00879 Per Gallon

Water Loss Reduction Surcharge	\$7.91 Per Month
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Other Rates

Wholesale & Leak Adjustment Rate	\$0.00479 Per Gallon
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Nonrecurring Charges

Reconnection Fee	\$ 8.00
Reconnection Fee (After Hours)	\$43.00
Meter Cover Replacement	\$35.00
Meter Re-Read Charge	\$ 5.00
Broken Meter Lock	\$15.00
Returned Check Charge	\$ 2.00
Meter Test Charge	\$25.00

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