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ATTORNEY AT LAW  
PROFESSIONAL SERVICE CORPORATION  
124 WEST TODD STREET  
FRANKFORT, KENTUCKY 40601

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TELEFAX (502) 875-7059

November 23, 2009

Mr. Jeff R. Derouen  
Executive Director  
Kentucky Public Service Commission  
211 Sower Blvd.  
Frankfort, Kentucky 40601

**RECEIVED**  
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PUBLIC SERVICE  
COMMISSION

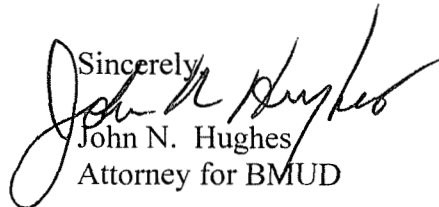
Re: Black Mountain Utility District, Case No. 2009-00422

Dear Mr. Derouen:

In response to your letter of November 18<sup>th</sup>, attached is a schedule showing the notes and bonds outstanding for BMUD. There are no mortgages or other debt. Also attached is a balance sheet and income statement (profit/loss).

The bids for the project have been extended until January 17, 2010.

Please contact me with any questions.

Sincerely,  
  
John N. Hughes  
Attorney for BMUD

Attachments

**BLACK MOUNTAIN UTILITY DISTRICT  
SCHEDULE-BONDS PAYABLE  
HOLDER OF BONDS-USDA RURAL DEVELOPMENT  
AS OF 12-31-2008**

BOND NO.	ISSUE DATE	YR OF MAT.	PAR VALUE	CASH REC.	INT. RATE	PRIN PAID 2008	PRIN PAID TO DATE	O/S AT YR END	INT ACC. 2008	INT. PAID 2008
93R1	3/25/1993	2032	150,000.00	150,000.00	5%	3,000.00	30,000.00	120,000.00	6,150.00	6,150.00
94A	12/15/1994	2034	356,000.00	356,000.00	4.5%	6,000.00	58,500.00	297,500.00	13,657.50	13,657.50
94B	12/15/1994	2034	98,000.00	98,000.00	4.5%	1,800.00	17,500.00	80,500.00	3,703.50	3,703.50
95A	9/7/1995	2035	225,000.00	225,000.00	4.5%	3,500.00	33,500.00	191,500.00	8,775.00	8,775.00
95B	9/7/1995	2035	207,000.00	207,000.00	4.5%	3,500.00	33,500.00	173,500.00	7,965.00	7,965.00
98	11/17/1998	2038	472,000.00	472,000.00	4.5%	7,000.00	53,000.00	419,000.00	19,170.00	19,170.00
WALLINS	8/24/1980	2027	217,000.00	-	4.5%	7,000.00	14,000.00	203,000.00	10,500.00	10,500.00
<b>TOTALS</b>			<b>1,725,000.00</b>	<b>1,508,000.00</b>		<b>31,800.00</b>	<b>240,000.00</b>	<b>1,485,000.00</b>	<b>69,921.00</b>	<b>69,921.00</b>

NOTES

1. Yr. of maturity is year when bonds are to be paid out
2. Description of bonds are water and sewer revenue bonds
3. No class is stated on bonds
4. Secured by Revenue from Water Sales of District

**BLACK MOUNTAIN UTILITY DISTRICT  
SCHEDULE-NOTES PAYABLE  
HOLDER OF NOTE- THE KENTUCKY INFRASTRUCTURE  
AS OF 12-31-2008**

LOAN NO	ISSUE DATE	MAT. DATE	ORG. BAL	INT RATE	PRIN PAID 2008	PRIN PAID TO DATE	O/S ST YR. END	INT. ACC. 2008	INT. PAID 2008
C04-01	1/1/2006	6/1/2025	250,000.00	3%	9,706.67	23735.35	226,264.65	7,448.08	7,474.00

NOTES:

1. Money borrowed to finish Putney Water Project
2. Secured by Revenue from Water Sales

**BLACK MOUNTAIN UTILITY DISTRICT  
SCHEDULE-NOTES PAYABLE  
HOLDER OF NOTE- THE BANK OF HARLAN  
AS OF 12-31-2008**

ACCT. NO	ISSUE DATE	MAT. DATE	ORG. BAL	INT RATE	PRIN PAID 2008	PRIN PAID TO DATE	O/S ST YR. END	INT. ACC. 2008	INT. PAID 2008
120947	10/3/2006	10/20/2011	63,938.00	6.46%	11,738.39	25422.49	38,515.51	3,259.00	3,259.00

NOTES:

1. Money was borrowed by promissory note to purchase vehicles for the Utility District

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 11/20/09  
 Accrual Basis

**BLACK MOUNTAIN UTILITY DISTRICT**  
**Profit & Loss Prev Year Comparison**  
**January through October 2009**

	<u>Jan - Oct 09</u>	<u>Jan - Oct 08</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Ordinary income/Expense</b>				
<b>Income</b>				
<b>WATER SALES</b>				
WATER ADJUSTMENTS	-22,646.28	-17,325.93	-5,320.35	-30.7%
WATER SALES-COMM	54,234.04	48,374.52	5,859.52	12.1%
WATER SALES-GOVT.	27,324.63	8,106.47	19,218.16	237.1%
WATER SALES-RESIDENTIAL	936,109.19	871,615.26	64,493.91	7.4%
<b>Total WATER SALES</b>	<u>995,021.58</u>	<u>910,770.34</u>	<u>84,251.24</u>	<u>9.3%</u>
<b>Total Income</b>	<u>995,021.58</u>	<u>910,770.34</u>	<u>84,251.24</u>	<u>9.3%</u>
<b>Expense</b>				
ADVERTISING	2,073.06	374.44	1,698.62	453.6%
AUDIT EXPENSE	6,250.00	0.00	6,250.00	100.0%
BAD DEBTS	6,114.93	5,118.28	996.65	19.5%
BANK SERVICE CHARGES	0.00	171.71	-171.71	-100.0%
COMPUTER SUPPORT	1,430.85	1,341.70	89.15	6.6%
Dues and Subscriptions	0.00	120.00	-120.00	-100.0%
EASEMENTS	1,466.68	1,496.19	-29.53	-2.0%
EMPLOYEE UNIFORMS	4,523.14	4,120.54	402.60	9.8%
Insurance				
EMPLOYEE INSURANCE	30,345.20	28,257.31	2,087.89	7.4%
PROPERTY & LIABILITY INS.	9,588.54	9,324.38	264.16	2.8%
WORKER'S COMP. INS.	8,347.34	9,067.12	-719.78	-7.9%
Total Insurance	<u>48,281.08</u>	<u>46,648.81</u>	<u>1,632.27</u>	<u>3.5%</u>
INTEREST				
CUSTOMER DEPOSIT INTERE...	249.81	56.58	193.23	326.4%
KIA INTEREST EXPENSE	5,967.64	6,228.30	-260.68	-4.2%
LONG TERM BOND INTEREST	57,061.00	58,297.11	-1,236.11	-2.1%
Total INTEREST	<u>63,278.45</u>	<u>64,583.99</u>	<u>-1,305.54</u>	<u>-2.0%</u>
LATE FEES	-2,573.88	0.00	-2,673.66	-100.0%
Licenses and Permits	0.00	351.85	-351.85	-100.0%
Payroll Expenses	8,780.82	4,923.74	3,857.08	78.3%
PAYROLL TAX EXPENSE	5,698.89	10,287.54	-4,588.65	-44.6%
Postage and Delivery	9,984.05	6,879.32	3,054.73	44.1%
Professional Fees				
Accounting	11,000.00	10,380.00	620.00	6.0%
Consulting	408.00	537.00	-129.00	-24.0%
Total Professional Fees	<u>11,408.00</u>	<u>10,917.00</u>	<u>491.00</u>	<u>4.5%</u>
PROMOTIONAL EXPENSE	1,039.45	53.00	986.45	1,861.2%
PSC FILING EXPENSE	1,728.74	1,713.22	10.52	0.6%
PURCHASED WATER	403,582.02	363,046.08	40,535.94	11.2%
Repairs				
Building Repairs	1,115.90	4,901.81	-3,785.91	-77.2%
Computer Repairs	955.00	564.00	391.00	69.3%
Equipment Repairs	10,173.36	20,241.34	-1,067.98	-5.3%
WATERLINE REPAIRS	4,689.84	0.00	4,689.84	100.0%
Total Repairs	<u>25,933.90</u>	<u>25,707.15</u>	<u>226.75</u>	<u>0.9%</u>
SALARIES & WAGES				
SALARIES-MAINTENANCE	146,391.44	137,478.04	8,913.40	6.5%
SALARIES-OFFICE	42,803.62	38,323.01	4,480.61	11.7%
Total SALARIES & WAGES	<u>189,195.08</u>	<u>175,801.05</u>	<u>13,394.01</u>	<u>7.6%</u>
Supplies				
Office	9,624.49	7,842.50	1,781.99	22.7%
OPERATING SUPPLIES	31,120.93	27,683.29	3,237.64	11.6%
PURIFICATION SUPPLIES	2,224.00	1,095.50	1,128.50	103.0%
Total Supplies	<u>42,969.42</u>	<u>36,621.29</u>	<u>6,148.13</u>	<u>16.7%</u>
Telephone	5,301.37	6,752.57	-1,451.20	-21.5%
TRAINING & TRAVEL EXPENSE	286.06	270.81	15.25	5.6%

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**BLACK MOUNTAIN UTILITY DISTRICT**  
**Profit & Loss Prev Year Comparison**  
**January through October 2009**

	<u>Jan - Oct 09</u>	<u>Jan - Oct 08</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Utilities</b>				
<b>ELECTRIC</b>	30,005.00	24,802.26	5,202.74	21.0%
<b>OTHER UTILITIES</b>	2,531.63	4,787.54	-2,235.91	-46.9%
<b>WATER</b>	255.38	215.18	40.20	18.7%
<b>Total Utilities</b>	<u>32,792.01</u>	<u>29,784.98</u>	<u>3,007.03</u>	<u>10.1%</u>
<b>VEHICLE FUEL &amp; MAINT.</b>	19,475.20	24,032.38	-5,457.16	-21.9%
<b>WATER ANALYSIS</b>	11,276.91	5,419.63	5,857.08	108.1%
<b>Total Expense</b>	<u>900,196.51</u>	<u>827,692.55</u>	<u>72,503.96</u>	<u>8.8%</u>
<b>Net Ordinary income</b>	94,825.07	83,077.79	11,747.28	14.1%
<b>Other Income/Expense</b>				
<b>Other Income</b>				
<b>COLLECTION FEE-SEWER</b>	584.24	393.85	190.39	48.3%
<b>COLLECTION FEES</b>	23,292.29	0.00	23,292.29	100.0%
<b>CONSUMER FEES</b>	1,562.53	2,310.90	-748.37	-32.4%
<b>INT INCOME-OTHER</b>	572.24	2,100.84	-1,528.60	-72.8%
<b>LATE CHARGE FEES</b>	22,391.29	24,333.27	-1,952.04	-6.0%
<b>OTHER INCOME</b>	2,434.51	160.51	2,274.00	1,416.7%
<b>Total Other Income</b>	<u>50,827.04</u>	<u>29,299.37</u>	<u>21,527.67</u>	<u>73.5%</u>
<b>Net Other Income</b>	50,827.04	29,299.37	21,527.67	73.5%
<b>Net Income</b>	<u>145,652.11</u>	<u>112,377.16</u>	<u>33,274.95</u>	<u>29.6%</u>

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 Accrual Basis

**BLACK MOUNTAIN UTILITY DISTRICT**  
**Balance Sheet**  
 As of October 31, 2009

	<u>Oct 31, 09</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
Checking/Savings	
BB&T-NEW CUSTOMER DEPOSITS	43,366.12
BB&T-REVENUE ACCOUNT	149,636.61
BOH-BOND & INTEREST ACCOUNT	251,435.37
BOH-OPERATION & MAINT. FUND	10,382.58
Total Checking/Savings	<u>454,820.68</u>
Accounts Receivable	
ACCTS RECEIVABLE-WATER	161,345.41
Total Accounts Receivable	<u>161,345.41</u>
Other Current Assets	
DUE FROM GARY WILLIMAS, CPA	3,500.00
DUE TO SINKING FROM REVENUE	500.00
PREPAID EASEMENTS	600.00
PREPAID INSURANCE	13,676.54
Total Other Current Assets	<u>18,276.54</u>
<b>Total Current Assets</b>	<b>634,442.63</b>
<b>Fixed Assets</b>	
BUILDING	
BUILDING-ACCUM DEPR	-23,956.10
BUILDING - Other	113,728.47
Total BUILDING	<u>89,872.37</u>
CONST IN PROC. MOLUS	101,451.09
CONST IN PROCESS-HOLMES MILL	7,700.00
DIST.RES. & STANDPIPES	
DIST. RES. & STANPIPE-ACC. DEPR	-258,280.82
DIST.RES. & STANDPIPES - Other	817,827.50
Total DIST.RES. & STANDPIPES	<u>559,546.68</u>
FRANCHISE FEES	
FRANCHISE FEES-ACCUM DEPR	-511.21
FRANCHISE FEES - Other	840.00
Total FRANCHISE FEES	<u>328.79</u>
LAND & LAND RIGHTS	24,112.00
METERS & INSTALLATION	
METERS & INSTALL.-ACCUM DEPR	-412,013.88
METERS & INSTALLATION - Other	1,252,276.17
Total METERS & INSTALLATION	<u>840,262.29</u>
OFFICE EQUIP.	
OFFICE EQ. - ACCUM DEPR	-25,827.67
OFFICE EQUIP. - Other	30,180.07
Total OFFICE EQUIP.	<u>4,252.40</u>
ORGANIZATIONAL COSTS	
ORG. COST-ACCUM DEPR	-970.08
ORGANIZATIONAL COSTS - Other	1,597.00
Total ORGANIZATIONAL COSTS	<u>626.92</u>
OTHER PLANT EQUIPMENT	
OTHER PLANT EQ-ACCUM DEPR	-26,503.05
OTHER PLANT EQUIPMENT - Other	29,395.46
Total OTHER PLANT EQUIPMENT	<u>2,892.41</u>
POWER EQUIP.	
POWER EQ.-ACCUM DEPR	-41,572.07
POWER EQUIP. - Other	42,236.06
Total POWER EQUIP.	<u>663.99</u>

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**BLACK MOUNTAIN UTILITY DISTRICT**  
**Balance Sheet**  
 As of October 31, 2009

	<u>Oct 31, 09</u>
<b>TAXES PAYABLE</b>	
HARLAN COUNTY SCH TAX PAYABLE	7,528.05
KY SALES TAX PAYABLE	271.51
<b>Total TAXES PAYABLE</b>	<u>7,799.56</u>
<b>Total Other Current Liabilities</b>	<u>125,817.07</u>
<b>Total Current Liabilities</b>	170,398.60
<b>Long Term Liabilities</b>	
LONG TERM BONDS PAYABLE	1,268,000.00
NOTE PAYABLE-KIA	221,301.85
RUD BONDS-WALLINS	217,000.00
VEHICLE NOTE-BOM	26,017.61
<b>Total Long Term Liabilities</b>	<u>1,732,319.46</u>
<b>Total Liabilities</b>	1,902,718.06
<b>Equity</b>	
CONTRIBUTIONS - IN - AID	
CONT-IN-AID--COUNTY	39,235.02
CONT-IN-AID/COAL SEV. TAX	4,681,069.24
CONT-IN-AID/RUD GRANTS	1,282,400.00
CONT.- IN-AID/ PSC AUDIT	3,322,639.29
CONT.-IN-AID--CDBG FUNDS	750,000.00
CONY-IN-AID--ARC FUNDS	350,000.00
CUST-TAP-FEES	172,490.00
<b>Total CONTRIBUTIONS - IN - AID</b>	<u>10,578,033.55</u>
Opening Bal Equity	-637,249.14
Retained Earnings	-1,725,308.24
Net Income	145,652.11
<b>Total Equity</b>	<u>8,361,128.28</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>10,263,846.34</u></u>

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 11/20/09  
 Accrual Basis

**BLACK MOUNTAIN UTILITY DISTRICT**  
**Balance Sheet**  
 As of October 31, 2009

	<u>Oct 31, 09</u>
<b>PUMPING EQUIPMENT</b>	
PUMPING EQ-ACCUM DEPR	-113,705.07
PUMPING EQUIPMENT - Other	382,498.54
<b>Total PUMPING EQUIPMENT</b>	<u>268,793.47</u>
<b>TRANS &amp; DIST. MAINS</b>	
TRANS & DIST MAINS-ACCUM DEPR	-1,612,201.66
TRANS & DIST. MAINS - Other	8,944,638.82
<b>Total TRANS &amp; DIST. MAINS</b>	<u>7,332,637.18</u>
<b>VEHICLES</b>	
VEHICLES-ACCUM DEPR	-31,541.16
VEHICLES - Other	84,168.00
<b>Total VEHICLES</b>	<u>52,626.84</u>
<b>WALLINS WATER SYSTEM</b>	
WALLINS-ACCUM DEPR.	-23,584.50
WALLINS WATER SYSTEM - Other	294,556.41
<b>Total WALLINS WATER SYSTEM</b>	<u>270,991.91</u>
<b>WATER TREATMENT EQUIP.</b>	
WATER TREATMENT EQ-ACCUM DEPR	-69,332.71
WATER TREATMENT EQUIP. - Other	141,978.10
<b>Total WATER TREATMENT EQUIP.</b>	<u>72,645.39</u>
<b>WELLS &amp; SPRINGS</b>	
WELLS & SPRINGS-ACCUM DEPR	-10,507.71
WELLS & SPRINGS - Other	10,507.71
<b>Total WELLS &amp; SPRINGS</b>	<u>0.00</u>
<b>Total Fixed Assets</b>	<u>9,629,403.71</u>
<b>TOTAL ASSETS</b>	<u><u>10,263,946.34</u></u>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Accounts Payable</b>	
ACCOUNTS PAYABLE	44,581.53
<b>Total Accounts Payable</b>	44,581.53
<b>Other Current Liabilities</b>	
CUSTOMER DEPOSITS	42,225.31
DUE TO CITY OF HARLAN SEWER	5,880.49
DUE TO HARLAN COUNTY FISCAL CT.	41,489.01
DUE TO SEWER FROM REVENUE	414.61
DUE TO SEWER FUND	-201.81
INSURANCE PAYABLE	-0.16
<b>INTEREST PAYABLE</b>	
INT. PAY.- KIA	2,950.77
INT. PAY.-RUD	22,841.00
<b>Total INTEREST PAYABLE</b>	<u>25,791.77</u>
<b>PAYROLL TAX PAYABLES</b>	
FEDERAL W/H PAYABLE	380.65
FICA/MED PAYABLE	2,015.29
KY W/H PAYABLE	22.45
<b>Total PAYROLL TAX PAYABLES</b>	<u>2,418.39</u>



**BLACK MOUNTAIN UTILITY DISTRICT**  
**609 FOUR MILE ROAD**  
**BAXTER, KY 40806**  
**606-573-1277**  
**606-573-1276 (FAX)**

November 10, 2009

Mr. Barry Tippey, President  
Kentucky Glass Lined Tank Systems, Inc.  
P.O. Box 13370  
Lexington, Kentucky 40583

RE: Black Mountain Utility District  
Contract 2: Mary Wynn Road and KY 38 Water Storage Tanks

Dear Mr. Tippey:

Due to some unforeseen delays, it does not appear that Black Mountain Utility District will be able to award the above referenced contract within the 90 day acceptance period specified in Article 18.01 of the Instructions to Bidders. Therefore, we are requesting that you agree to extend the acceptance period sixty (60) days to January 17, 2010.

Should you have any questions, please contact our engineer, Ken Taylor, at 502-695-4357.

Sincerely,

  
Raymond Cox  
Chairman

Kentucky Glass Lined Tank Systems, Inc. hereby agrees to extend the Bid Acceptance period on the above referenced project, sixty (60) days until January 17, 2010.

  
Barry Tippey, President

11-19-2009  
Date

**BLACK MOUNTAIN UTILITY DISTRICT**  
**609 FOUR MILE ROAD**  
**BAXTER, KY 40806**  
**606-573-1277**  
**606-573-1276 (FAX)**

November 10, 2009

Mr. Tim Akins, President  
Akins Excavating Company, Inc.  
182 Busy Lane  
Corbin, Kentucky 40701

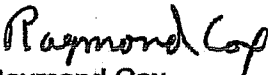
RE: Black Mountain Utility District  
Contract 1: KY 38 Klondike Water Line Extensions

Dear Mr. Akins:

Due to some unforeseen delays, it does not appear that Black Mountain Utility District will be able to award the above referenced contract within the 90 day acceptance period specified in Article 18.01 of the Instructions to Bidders. Therefore, we are requesting that you agree to extend the acceptance period sixty (60) days to January 17, 2010.

Should you have any questions, please contact our engineer, Ken Taylor, at 502-695-4357.

Sincerely,

  
Raymond Cox  
Chairman

Akins Excavating Company, Inc. hereby agrees to extend the Bid Acceptance period on the above referenced project, sixty (60) days until January 17, 2010.

  
\_\_\_\_\_  
Tim Akins, President

11-12-09  
Date