

Andy Beshear  
Governor

John Lyons  
Secretary  
Energy and Environment Cabinet



Commonwealth of Kentucky  
**Public Service Commission**  
211 Sower Blvd.  
Frankfort, Kentucky 40601-8294  
Telephone: (502) 564-3940  
psc.ky.gov

Angie Hatton  
Chair

Mary Pat Regan  
Commissioner

Andrew W. Wood  
Commissioner

May 8, 2026

## PARTIES OF RECORD

Re: Case No. 2026-00097

Notice is given to all parties that the attached Kentucky-American Water and Black Mountain District Informal Conference Memorandum and attendance list has been filed into the record of this proceeding.

If you have any comments you would like to make regarding the contents of the document, please do so within five days of receipt of this letter. If you have any questions, please contact Ashley Hatcher, Staff Attorney III, at [Ashley.Hatcher@ky.gov](mailto:Ashley.Hatcher@ky.gov).

Sincerely,

A handwritten signature in blue ink that reads "Linda C. Bridwell" followed by the initials "LP".

Linda C. Bridwell, PE  
Executive Director

Attachment

## INTRA-AGENCY MEMORANDUM

### KENTUCKY PUBLIC SERVICE COMMISSION

**TO:** Case No. 2026-00097

**FROM:** Ashley Hatcher, Staff Attorney III

**DATE:** May 7, 2026

**RE:** Informal Conference of May 5, 2026

Pursuant to an Order issued on April 30, 2026, an informal conference was conducted on May 5, 2026. Attached is a copy of the attendance roster.

The purpose of the informal conference was to discuss Kentucky-American Water Company (Kentucky-American) and Black Mountain Utility District's (Black Mountain District) application. The first topic on the agenda was whether KRS 278.020(7) applied. Kentucky-American stated its position was that only KRS 278.020(6) applied. Kentucky American stated that it is not assuming control and that it was focused on asset purchases. As opposed to KRS 278.020(6), Kentucky-American contended that KRS 278.020(7) was applicable only when the transaction consists of an equity transfer, rather than an asset purchase.

In terms of statutory deadlines, Kentucky-American and Black Mountain District acknowledged that this case is not driven by a statutory deadline pursuant to KRS 278.020(7). However, Joint Applicants highlighted that the parties want the case to move quickly.

The next item on the agenda was water supply contracts. Kentucky-American plans to assume the contracts with Black Mountain District's current water suppliers (Cities of Harlan, Pineville, and Evarts).

On the topic of indebtedness, Black Mountain District anticipates that the \$1.5 million purchase price will cover all existing debt obligations. Black Mountain District has been working with an outside CPA. Black Mountain District acknowledged it will not continue to collect trash collection fees for the county and that an agreement with the county to cover any outstanding amounts owed will be included in the debt schedule.

On the topic of tariffs and rate changes, Black Mountain District customers will take service under Kentucky-American's existing tariff and be charged Kentucky-American rates. In Kentucky-American's recent acquisitions, it deferred merging its acquired ratepayers to its tariff until Kentucky-American's next base rate case. However, with the timing of this acquisition application, in conjunction with Kentucky-American's next base rate case, Kentucky-American avowed that it would be more efficient to go ahead and put Black Mountain's current ratepayers on its tariff upon consummation of the acquisition.

Joint Applicants currently have no plan to notify existing Black Mountain customers regarding the tariff changes pursuant to 807 KAR 5:011. However, Kentucky-American plans to have a formal roll out, if this application is approved, that includes a welcome packet containing information to customers. Staff requested a sample of this packet. Joint Applicants explained that the community is aware of the proposed transfer and there have been meetings in the fiscal court and with Black Mountain District.

Kentucky-American acknowledged vulnerabilities in the Black Mountain District water system, but stated that if the acquisition is approved, they will work to build up storage capacity and address issues requiring immediate attention. Kentucky-American stated that the interim plan is to track water loss separately but will work to combine and consolidate the ids, working with the Division of Water to do so. Kentucky-American stated any water loss issues of Black Mountain District would have a *de minimus* effect on the overall water loss percentage of Kentucky-American. Kentucky-American hopes to deploy AMI to the Black Mountain area as quickly as possible.

Kentucky-American also highlighted that consideration should be given in the context of rate-making that Kentucky-American is taking on these systems. Kentucky-American stated that, while the impact of adding Black Mountain District's water loss alone is *de minimus*, not receiving some considerations in its allowable water loss percentages would disincentivize Kentucky-American from pursuing regionalization of water service and acquiring other water utilities' systems.

Black Mountain District has stopped collecting its water loss surcharge and plans to have the remaining amount in the surcharge fund refunded to the customers.

On the topic of Black Mountain District's wastewater customers, Joint Applicants explained that there are currently six connections and four customers. It is a closed cluster system. Kentucky-American acknowledged the sewer issue and that there may be potential for an agreement for Kentucky-American to take on the closed cluster of sewer customers as well. In that event, there would be a separate Asset Purchase Agreement for the acquisition of Black Mountain District's wastewater assets. Kentucky-American raised the issue of whether a closed sewer system would be considered a regulated utility and provided Case No. 2009-00405 and 2016-00305.

Joint Applicants stated that the schedules for the asset purchase agreements have no set dates for completion and are still determining which will be applicable.

There being no further discussion, the informal conference was then adjourned.

cc: Parties of Record

# PSC INFORMAL CONFERENCE SIGN IN SHEET

CASE #: 2026-00097 Black Mountain District and Kentucky-American  
Transfer of Control

LOCATION: 211 Sower Blvd Frankfort KY- Viewing Room 1

DATE: Tuesday, May 5, 2026

NAME	COMPANY
Lindsey Ingram	Sko-KAW
Colby Wilson	BMUD
William Lewis	KAWC
Allyson Honaker	H2O-BMUD
Ashley Hatcher	Public Service Commission
Monial Tussey	PSC
Bentley Jarboe	PSC
Morgan Hall	PSC
Connor Hancy	PSC
Ryan Mattingly	PSC
Farhad Shahidi	PSC
William Pearce	PSC
JEFF ARSHIRE	PSC
Noah Abner	PSC
Jenny Fell	PSC

# PSC INFORMAL CONFERENCE SIGN IN SHEET

CASE NUMBER: 2026-00097

LOCATION: Public Service Commission, 211 Sower Blvd.  
Frankfort, KY 40601

DATE: May 5, 2026

NAME	COMPANY
Meredith Cave	Honaker Law Office on Behalf of Black Mountain Utility District
Anne Trout	General Counsel for Kentucky-American

## Service List for 2026-00097

- \* L. Allyson Honaker  
Honaker Law Office, PLLC  
1795 Alysheba Way  
Suite 1203  
Lexington, KY 40509
- \* Anne Trout  
Kentucky-American Water Company  
2300 Richmond Road  
Lexington, KY 40502
- \* Black Mountain Utility District  
609 Four Mile Road  
Baxter, KY 40806-8437
- \* Kentucky-American Water Company  
2300 Richmond Road  
Lexington, KY 40502
- \* Emily Bytnar  
Kentucky-American Water Company  
2300 Richmond Road  
Lexington, KY 40502
- \* Heather Temple  
Honaker Law Office, PLLC  
1795 Alysheba Way  
Suite 1203  
Lexington, KY 40509
- \* Honorable Lindsey W Ingram, III  
Attorney at Law  
STOLL KEENON OGDEN PLLC  
300 West Vine Street  
Suite 2100  
Lexington, KY 40507-1801
- \* Meredith L. Cave  
Honaker Law Office, PLLC  
1795 Alysheba Way  
Suite 1203  
Lexington, KY 40509

\* Denotes served by Email

\* Monica Braun  
STOLL KEENON OGDEN PLLC  
300 West Vine Street  
Suite 2100  
Lexington, KY 40507-1801