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## NEWS RELEASE

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# **PSC Approves Merger of Water Districts in Harlan County** *Green Hills district to become part of Black Mountain Utility District*

**FRANKFORT, Ky. (July 16, 2012)** – The Kentucky Public Service Commission (PSC) has approved the merger of Green Hills Water District and Black Mountain Utility District.

In an order issued Friday, the PSC said that the merger will improve service and reduce costs through economies of scale, as envisioned by the Kentucky General Assembly in the state statute regarding the merger and consolidation of water districts.

Black Mountain has been operating Green Hills under the terms of a temporary operating agreement since March, following a complete failure of the Green Hills system in January that left its customers without water service for 10 days. The operating agreement was the first step toward consolidating the two utilities.

In the order, the PSC gave the two districts 150 days to complete the merger. If they fail to do so, permission for the consolidation will be withdrawn.

Green Hills Water District was established in 1977 to serve those portions of Harlan County north of Pine Mountain. It now has 507 customers, mostly in Harlan County but with a few in Leslie County. It purchases water from the city of Pineville.

Black Mountain Utility District was established in 1986 and currently has 2,672 water customers in Harlan County. It has its offices in Baxter, and purchases water from the cities of Harlan and Everts.

The Green Hills and Black Mountain water systems will remain physically separate until the end of this year, when a line over the crest of Pine Mountain connecting them is expected to be completed.

The merged district will be known as the Black Mountain Utility District.

Rates for customers currently served by Green Hills will not change immediately. Future increases cannot exceed those for current Black Mountain customers on a per-gallon basis.

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Under the terms of the water districts' merger agreement and the PSC's order, Black Mountain must conduct, within five years, a rate study that considers the cost of serving the combined district and the appropriate rates for all customers.

Friday's order and related documents are available on the PSC website, [psc.ky.gov](http://psc.ky.gov). The case number is 2012-00095.

The PSC is an independent agency attached for administrative purposes to the Energy and Environment Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in Kentucky and has approximately 90 employees.

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