

Big Sandy Water District
18200 State Route 3
Catlettsburg KY 41129
606-928-2075
bdistrict@windstream.net

RECEIVED
JUN 25 2012
PUBLIC SERVICE
COMMISSION

June 20, 2012

KY Public Service Commission
211 Sower Blvd
PO Box 615
Frankfort KY 40602-0615

Attn: Mr. Scott Lawless, Branch Manager-Water Revenue Requirements

RE: Big Sandy Water District, Rate Case # : 2012-00152

Dear Sir,

The Big Sandy Water district has had revenue and expense problems for well over a year. We have not had a “general” rate increase since May 13, 1985.

Pursuant to your regulations, we have always filed and taken all “pass through” rate increases from our (4) four suppliers.

Subsequently in August 2011 we made application to PSC for a PSC staff assisted rate case, leading to a justified and needed rate increase.

At the time of our application we thought that our general rate increase (by regulation) would come through in approximately 5 months and 20 days. We realize you have the option and latitude to change that time frame every time you (staff) request additional information. There were many requests for additional information and we understand.

On April 12, 2012 Mr. Mark Frost, and an associate of your staff, came to our office for a Board meeting and reviewed the PSC findings. He apologized for it taking so long (over 8 months) for them to complete their review. He said we needed to pick a minimum bill increase of 20% or 25% and he would go back and generate the final rates the next day (a Friday). We picked 20%. Mr. Frost said he would expedite the final staff review and we should have the “final” order in 4-8 weeks. We thought that seemed a long time since so much time had already passed.

Our Office Manager called on Friday, June 15th to get a status and she was informed that you (PSC) were lowering the rate increase from what we were told in April. Now we understand it will be July 30th before we get an order/authorization to raise rates and therefore we can't get rates raised until September billing and realize increase revenue until October.

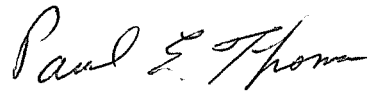
We have attached our last (3) three months financial statement which show losses:

March 2012=(\$18604.00)
April 2012=(\$7176.00)
May 2012=(\$22861.00)

We believe a year for a rate increase approval from PSC is way beyond an acceptable time frame.

We can't last much longer and we hope you can expedite this approval.

Respectfully,



Paul E. Thomas
Chairman

Enclosures

Cc: Sisler-Maggard Enginnering, PLLC

Profit & Loss Budget vs. Actual

	<u>Month of Mar</u>	<u>Thru Mar 31, 2012</u>	<u>Budget</u>	
Income				
Water Rev & Late Chg	\$ 160,570.00	\$ 498,835.00	\$ 2,353,604.00	21%
Other Water	\$ 8,005.00	\$ 17,918.00	\$ 75,000.00	24%
Interest	\$ 92.00	\$ 311.00	\$ 2,000.00	16%
<hr/>				
Total Income	\$ 168,667.00	\$ 517,064.00	\$ 2,430,604.00	21%
 Expenses				
Salaries of Employees	\$ 31,332.00	\$ 78,695.00	\$ 331,331.00	24%
Salaries of Comm	\$ 2,500.00	\$ 7,500.00	\$ 30,000.00	25%
Comm Expense	\$ -	\$ -	\$ 3,000.00	
Insurance Employees	\$ 8,157.00	\$ 22,239.00	\$ 90,800.00	24%
Retirement Employees	\$ 5,868.00	\$ 14,752.00	\$ 57,700.00	26%
Water Purchased	\$ 69,136.00	\$ 217,638.00	\$ 810,500.00	27%
Electric	\$ 11,218.00	\$ 20,939.00	\$ 72,500.00	29%
Materials Supplies	\$ 12,853.00	\$ 35,301.00	\$ 110,000.00	32%
Contractual Services	\$ 3,378.00	\$ 8,326.00	\$ 43,800.00	19%
Rental	\$ -	\$ -	\$ 1,000.00	
Transporation Expense	\$ 4,480.00	\$ 13,187.00	\$ 57,700.00	23%
Insurance	\$ -	\$ -	\$ 16,500.00	
Insurance WC	\$ -	\$ -	\$ 7,000.00	
Ad Expense	\$ 280.00	\$ 280.00	\$ 2,000.00	14%
Bad Debt	\$ (291.00)	\$ (815.00)	\$ 12,000.00	
Misc Expenses	\$ 1,740.00	\$ 7,328.00	\$ 30,900.00	24%
Depreciation	\$ -	\$ -	\$ -	
Assessment Fees	\$ -	\$ -	\$ 3,200.00	
Payroll Tax	\$ 2,418.00	\$ 6,283.00	\$ 27,500.00	23%
Truck Account			\$ 18,000.00	
Loan Principle Payment	\$ 12,625.00	\$ 37,875.00	\$ 151,500.00	25%
Loan Interest Payment	\$ 21,575.00	\$ 64,725.00	\$ 258,855.00	25%
Int Cust Dep	\$ 2.00	\$ 155.00	\$ 1,000.00	16%
Depreciation Reserve				
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Total Expenses	\$ 187,271.00	\$ 534,408.00	\$ 2,136,786.00	25%
 TOTAL	 \$ (18,604.00)			

Profit & Loss Budget vs. Actual

	<u>Month of Apr</u>	<u>Thru Apr 30,2012</u>	<u>Budget</u>	
Income				
Water Rev & Late Chg	\$ 152,844.00	\$ 651,679.00	\$ 2,353,604.00	28%
Other Water	\$ 7,947.00	\$ 25,865.00	\$ 75,000.00	34%
Interest	\$ 95.00	\$ 406.00	\$ 2,000.00	20%
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Total Income	\$ 160,886.00	\$ 677,950.00	\$ 2,430,604.00	28%
 Expenses				
Salaries of Employees	\$ 23,429.00	\$ 102,124.00	\$ 331,331.00	31%
Salaries of Comm	\$ 2,500.00	\$ 10,000.00	\$ 30,000.00	33%
Comm Expense	\$ -	\$ -	\$ 3,000.00	
Insurance Employees	\$ 7,373.00	\$ 29,612.00	\$ 90,800.00	33%
Retirement Employees	\$ 4,323.00	\$ 19,075.00	\$ 57,700.00	33%
Water Purchased	\$ 68,507.00	\$ 286,145.00	\$ 810,500.00	35%
Electric	\$ 3,187.00	\$ 24,126.00	\$ 72,500.00	33%
Materials Supplies	\$ 9,378.00	\$ 44,679.00	\$ 110,000.00	41%
Contractual Services	\$ 6,281.00	\$ 14,607.00	\$ 43,800.00	33%
Rental	\$ -	\$ -	\$ 1,000.00	
Tranporation Expense	\$ 4,496.00	\$ 17,683.00	\$ 57,700.00	31%
Insurance	\$ (625.00)	\$ (625.00)	\$ 16,500.00	
Insurance WC	\$ -	\$ -	\$ 7,000.00	
Ad Expense	\$ -	\$ 280.00	\$ 2,000.00	14%
Bad Debt	\$ (281.00)	\$ (1,096.00)	\$ 12,000.00	
Misc Expenses	\$ 2,754.00	\$ 10,082.00	\$ 30,900.00	33%
Depreciation	\$ -	\$ -	\$ -	
Assessment Fees	\$ -	\$ -	\$ 3,200.00	
Payroll Tax	\$ 2,538.00	\$ 8,821.00	\$ 27,500.00	32%
Truck Account			\$ 18,000.00	
Loan Principle Payment	\$ 12,625.00	\$ 50,500.00	\$ 151,500.00	33%
Loan Interest Payment	\$ 21,575.00	\$ 86,300.00	\$ 258,855.00	33%
Int Cust Dep	\$ 2.00	\$ 157.00	\$ 1,000.00	16%
Depreciation Reserve				
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Total Expenses	\$ 168,062.00	\$ 702,470.00	\$ 2,136,786.00	33%
 TOTAL	 \$ (7,176.00)			

Profit & Loss Budget vs. Actual

	<u>Month of May</u>	<u>Thru May 31, 2012</u>	<u>Budget</u>	
Income				
Water Rev & Late Chg	\$ 157,588.00	\$ 809,267.00	\$ 2,353,604.00	34%
Other Water	\$ 3,955.00	\$ 29,820.00	\$ 75,000.00	40%
Interest	\$ 91.00	\$ 497.00	\$ 2,000.00	25%
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Total Income	\$ 161,634.00	\$ 839,584.00	\$ 2,430,604.00	35%
Expenses				
Salaries of Employees	\$ 28,429.00	\$ 130,553.00	\$ 331,331.00	39%
Salaries of Comm	\$ 2,500.00	\$ 12,500.00	\$ 30,000.00	42%
Comm Expense	\$ -	\$ -	\$ 3,000.00	
Insurance Employees	\$ 303.00	\$ 29,915.00	\$ 90,800.00	33%
Retirement Employees	\$ 5,330.00	\$ 24,405.00	\$ 57,700.00	42%
Water Purchased	\$ 73,341.00	\$ 359,486.00	\$ 810,500.00	44%
Electric	\$ 7,055.00	\$ 31,181.00	\$ 72,500.00	43%
Materials Supplies	\$ 9,710.00	\$ 54,389.00	\$ 110,000.00	49%
Contractual Services	\$ 12,820.00	\$ 27,427.00	\$ 43,800.00	63%
Rental	\$ -	\$ -	\$ 1,000.00	
Transporation Expense	\$ 3,284.00	\$ 20,967.00	\$ 57,700.00	36%
Insurance	\$ -	\$ (625.00)	\$ 16,500.00	
Insurance WC	\$ -	\$ -	\$ 7,000.00	
Ad Expense	\$ 2,331.00	\$ 2,611.00	\$ 2,000.00	131%
Bad Debt	\$ -	\$ (1,096.00)	\$ 12,000.00	
Misc Expenses	\$ 3,008.00	\$ 13,090.00	\$ 30,900.00	42%
Depreciation	\$ -	\$ -	\$ -	
Assessment Fees	\$ -	\$ -	\$ 3,200.00	
Payroll Tax	\$ 2,181.00	\$ 11,002.00	\$ 27,500.00	40%
Truck Account			\$ 18,000.00	
Loan Principle Payment	\$ 12,625.00	\$ 63,125.00	\$ 151,500.00	42%
Loan Interest Payment	\$ 21,575.00	\$ 107,875.00	\$ 258,855.00	42%
Int Cust Dep	\$ 3.00	\$ 160.00	\$ 1,000.00	16%
Depreciation Reserve				
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Total Expenses	\$ 184,495.00	\$ 886,965.00	\$ 2,136,786.00	42%
TOTAL	\$ (22,861.00)			