

RECEIVED
APR - 9 2007
PUBLIC SERVICE
COMMISSION

F A X

TO: EXECUTIVE DIRECTOR FAX # 502-564-9625
KENTUCKY PUBLIC SERVICE COMMISSION
211 Sower Boulevard
Frankfort, Kentucky 40602

FROM: MICHAEL & MARSHA STAFFORD
199 Preston Estates
Paintsville, Kentucky 41240
Daytime work phone 606-789-2564 & 606-422-2925
Fax # 606-789-2565

DATE: 9 APRIL 2007

RE: PROPOSED RATE INCREASE FOR:
EAST KENTUCKY WASTE
PRESTON ESTATES
JOHNSON COUNTY
PAINTSVILLE, KENTUCKY

2007-00093

TOTAL PAGES INCLUDING COVER PAGE IS: 5

Attached is a request to intervene and ask for the hearing to be delayed. The hearing should be delayed to allow all parties to be notified and ample time to respond to the proposed rate increase. The hearing is scheduled for tomorrow morning at 8:30 am at the PSC office at 211 Sower Boulevard. I received notice approximately 5 days ago and some in Preston Estates have not received notice of the proposed hearing and rate increase.

Also Attached, is a propose rate increase that will provide ample operating capital/income to upgrade the system and provide a nice profit for a small sewer plant. The plant services approximately 30 households.

.....

199 Preston Estates
Paintsville, Kentucky 41240
pvaj@bellsouth.net

Michael & Marsha Stafford

April 9, 2007

Executive Director
Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, Kentucky 40602

**RE: PROSPED SEWER RATE INCREASE
PRESTON ESTATE, JOHNSON COUNTY, KENTUCKY**

Dear Executive Director:

Yesterday, we received a notice from Appalachian Waste Control, % Squire N. Williams, regarding a proposed rate increase for sewer service at Preston Estates, Route 40 East, Paintsville, Kentucky. Please consider this letter our request to intervene and to present our case for a proposed rate increase.

The letter also indicated an interim hearing on Mr. Williams request to increase the rates is scheduled for 10 April 2007 at the office of the Public Service Commission at 8:30 am. Five days notice of any hearing is inadequate notice and goes against public policy for fairness. Even our court system allows at least 20 days notice on most matters. Therefore, I request the hearing be postponed until all parties concerned have received adequate notice of said hearing. I have spoken with just 2 neighbors this morning and they have not received any notice of a rate increase. One of the neighbors have not received a bill since last October even after providing his name and address at a public meeting held in Paintsville on 8 February 2007 regarding the sewer systems with Mr. Williams, Division Of Water, Prestonsburg Utilities and others.

.....

The letter also indicates a copy of the application may be obtained by making a request to Mr. Williams. The five day notice before the interim hearing does not allow enough time to obtain a copy of the application for rate increase.

Therefore, the scheduled hearing for 10 April should be postponed to allow the customers of the system to have a FAIR amount of time to study the issue and responded in an informed manner.

In the event you refuse to postpone the hearing I would like to set out the following response to the rate increase. I have 2 issues you should consider before granting any rate increase.

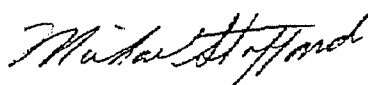
- 1) The proposed rate increase represents a 181 percent increase of the current rate. That is unconscionable. Paintsville Utilities, which charges one of the highest rates in the state, is no where as high as the request rate increase. We have accepted as fact the plant has suffered depreciation due to lack of maintenance and lack of enforcement of the regulations and upgrading the system is necessary. However, a 45% increase will provide the necessary operational capital. The current rate was set by you, the Public Service Commission (PSC) in 2003. The operator at that time requested an increase to \$ 14.00 per month, and you, PSC, not only granted an increase but set the current rate higher than was requested at \$ 20.75 per month per customer. Increasing the current rate by 45% will cost each customer \$ 30.00 per month. I have attached the breakdown of my proposed rate increase for your review. The potential gross income for the 32 customer system is \$ 11,520.00 per year. This proposal allows for required labor, maintenance including chemicals, a reserve amount of 7% and a payment if as much as \$ 20,000.00 is needed for immediate upgrade to the plant. This is a small plant but will yield a net profit of \$ 6,336.00 per year.
Another item you should strongly consider is many households in the neighborhood are retirees, and any increase will have a substantial effect on there quality of life.

- 2) The increase proposed by Appalachian Waste Control and Mr. Squire N. Williams is asking the customers and citizens of this neighborhood to pay for the inadequate business practices and the negligence of the previous operator and the lack of enforcement of the rules and regulations as set forth by the Division Of Water. The problems in the Preston Estate sewer plant dates back to 2002. The electric has been turned off several times. The division of government that has the authority to enforce the rules and regulations were not diligent in this respect. It is wholly unfair to expect us the customers to accept the responsibility of the poor business practices of the previous operator or the lack of enforcement of our state agencies. They are the ones to be held accountable.

The previous owner posted 2 bonds, one in the amount of \$ 10,000.00 and the other in an amount over \$ 10,000.00. We assumed those bonds have been forfeited and should be used to upgrade our system and any additional amount should come from the state agency that allowed these problems to continue to the extend they are today.

In conclusion the requested rate increase by the Appalachian Waste Control should be denied and the proposed rate increase I proposed should be adopted. This will ensure there are enough operating funds available without causing a hardship on the customers.

Sincerely,



Michael Stafford

[Click here and type slogan]

.....

199 Preston Estates
Paintsville, Kentucky 41240
pvaj@bellsouth.net

Michael & Marsha Stafford

April 9, 2007

PROPOSED SEWER RATE FOR:
PRESTON ESTATES
JOHNSON COUNTY, KENTUCKY

The sewer plant located at Preston Estates accommodates approximately 32 homes. The current sewer rate as set by the Kentucky Public Service Commission was set approximately 3 years ago at \$ 20.75 per month per home. The proposed rate increase is calculated at approximately a 45% increase and is set forth below.

32 paying customers at \$ 30.00 per month @ 12 months	\$ 11,520.00
8 labor per month @ 12 months	\$ 1,440.00
Maintenance on plant (Chemicals, etc...) yearly	\$ 840.00
Reserves at 7% per year	\$ 840.00
Loan (\$ 20,000.00) for upgrades (12 years) yearly	\$ 2,100.00
NET YEARLY PROFIT	\$ 6,336.00

The above figures equate to an approximate **55% profit** compared to the potential gross yearly income of \$ 11,520.00.

There are many retirees living in this subdivision and any rate increase will create a hardship. However, the above proposed rate increase will provide the necessary income for operation of the sewer plant and keep the hardship to our retirees to a minimum.

.....