

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

The Adjustment of Rates)
of Big Sandy Water District)
Pursuant to the Alternative Rate) Case No. 2012-00152
Adjustment Procedure)

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COMMENTS OF OVERLAND DEVELOPMENT

Overland Development, by counsel, provides the following comments supporting its motion for rehearing:

1. The rate approved in the final order fails to consider Overland's service characteristics in the development of a "wholesale" rate. Overland is served from a twelve inch transmission main that connects directly to the Kenova Water system main. That main extends approximately one mile. There are no pumps or other facilities operated by Big Sandy on that pipeline. The only expense associated with the main serving Overland is the maintenance of the main and the cost of the meter at the delivery point.

By allocating all operating costs to Overland, the order overstates the actual cost of service to Overland. The rate should be adjusted to reflect the actual cost of service.

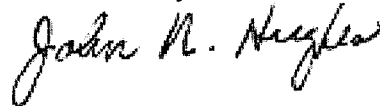
2. In its Reasons for Application, Big Sandy stated that it has been 17 years since its last rate case. It proposes to limit its rate increase to reduce rate shock to its residential customers. That same concern should apply to Overland's customers. The rate notice filed with the application shows only a 2.1% wholesale rate increase, yet the final order is significantly higher. If the Commission does not adjust the rate, it should be gradually implemented over several years to protect Overland's customers from that same rate shock.

3. Overland has a 20 year water purchase contract with Big Sandy. As a contractual customer, Overland should have been given the opportunity by Big Sandy to renegotiate that contract or at least received written notice that the contract was being cancelled.

4. Overland reserves the opportunity to supplement these comments at the conference and will provide any additional information the staff needs to support the revision of the wholesale rate.

Mr. James Taylor, owner of Overland, will represent himself by telephone at the conference and respond to any questions that might arise.

Submitted by:



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I certify a copy of these comments was emailed to Roger W. Hall, attorney for Big Sandy Water District, Box 2008, Ashland, KY 41 105-2008, the 4th day of October, 2012.

