

3. **REASON FOR REQUESTING A DEVIATION** (Attachment to Deviations from Administrative Regulation)

Big Sandy R.E.C.C. requests a one time deviation for meters in the periodic eight (8) year test cycle. Approximately 12,875 meters currently are under this regulation. All these meters were replaced by AMR meters during the calendar years of 2004-2007. The AMR meters were either new electronic or retrofitted meters which consisted of a 10 year or newer electromechanical meter fitted with an AMR module that was cleaned, tested, and calibrated for accuracy. All new meters were tested for accuracy at the manufacturer before shipping.

Big Sandy R.E.C.C. does wish to return to an eight (8) year periodic test cycle for our meter testing program; however, without the requested deviation Big Sandy would face future test cycles involving 5,000 plus meters in one year. This would result in significant increased financial costs due to the large quantity of meter stock for such a change-out program, the outsourcing for the required meter testing, and the lack of both warehouse and lab space available at Big Sandy. The estimated additional cost without this deviation to Big Sandy is as follows:

500 ADDITIONAL METER PURCHASES @ \$111.00 EA.=\$55,500
3 YEARS METER TESTING OF 2,000 METERS OUTSOURCED
@ \$10.00 EA. = \$60,000

The one time deviation Big Sandy R.E.C.C. requests would allow our entire meter group to be tested beginning in the calendar year of 2008 and continuing through the calendar year of 2014 at a rate of 1,840 meters per year or 1/7 of our meters each year. This would equalize the logistics and resources needed to return to a regular periodic test cycle.

If this deviation were granted, no meters would be left in the field more than 10 years. Big Sandy R.E.C.C. could target geographical areas where the oldest test dates were installed leaving only an estimated low percentage of 1-3% remaining past the normal eight (8) year cycle.

Considering that our meter group is relatively all new electronic 10 years or newer meters, we feel this deviation is in the best interest of Big Sandy R.E.C.C. and its membership. This would provide a consistent yearly use of resources and easier budgeting of the additional financial costs.

I. Contact Information

Please provide information for the person to whom correspondence or communications concerning this application should be directed:

Name: Roger Akers Title: Maintenance Superintendent

Address: 504 Eleventh Street

City: Paintsville State: KY Zip Code: 41240

Telephone Number: (606) 789-4095

II. Filing Requirements

Please submit an original and seven (7) copies of the completed application to:

Kentucky Public Service Commission

Executive Director's Office

211 Sower Boulevard

Frankfort, Kentucky 40602

Telephone: (502) 564-3940

All correspondence and responses to supplemental information requests should be sent to the above address as well.

Copies of this form may be obtained by visiting the Kentucky Public Service Commission website at <http://psc.ky.gov> and clicking on the Forms bullet in the Quick Reference, or by contacting George Wakim, Branch Manager, Water & Sewer Branch, at (502) 564-3940.

IV. Signature:

I have read and completed this application, and to the best of my knowledge, all the information contained herein is true and correct.

Signed: Roger Akw

Title: Maintenance Superintendent

Date: November 2, 2007

Melinda A. Ernst
July 1, 2005