

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

APR 15 2009

PUBLIC SERVICE
COMMISSION

In the Matter of:

Application of Kentucky Water)
Service Corporation of Kentucky) Case No. 2008-00563
For an Adjustment of Rates)

REQUEST FOR INTERVENTION IN CASE

Pursuant to the regulations of the Public Service Commission ("Commission"), Water Service Corporation of Kentucky ("WSCK") gave written notice to its customers in Middlesboro by means of notification appearing in *The Daily News* on March 11, 2009 that it intends to adopt an increase in its water rates. (See Exhibit "1" attached.)

Therefore, comes, Ismail Eldahan, R4 Box 52 Middlesboro KY 40965, and requests intervention in the above-styled case.

1. I am a customer of Water Service Corporation of Kentucky ("WSCK") and have been either a customer of WSCK or its predecessor(s) in excess of 15 years.

2. I am requesting intervention because I oppose this rate increase for the following reasons:

a. A rate increase of 50.80% in our troubled economy is unduly burdensome to the residents and businesses of Middlesboro, Kentucky.

(1) The City of Middlesboro, with a population of 10,389, has lost at least 20 businesses in the last eighteen (18) months or less. For information purposes, see list of businesses attached as Exhibit "2".

- (2) The jobless rate in Bell County (not available for just the City of Middlesboro) is currently 10.7% for the month of February, 2009.
- (3) As an indicator of the economic conditions in the City of Middlesboro, the Middlesboro Independent School System district wide provides free lunch to 69% of its school population.
- (4) Out of a population of 30,060 in Bell County (county seat of Middlesboro), there were 7,445 Social Security beneficiaries as of December, 2007.
- (5) The City of Middlesboro's monthly sewer bill is tied directly to the water bill from WSCK. The sewer portion of the sewer bill is calculated as \$3.23 per 1,000 gallons of water usage. Should a person fail to pay their water bill, they would not only face disconnection of water service but also would not be provided trash collection or sewer services by the City.
- (6) The rate increase requested by WSCK is a fixed, not a variable, rate. It is not a one-time request or is there the possibility that the rate will decrease. The customer can only expect further increases in the future. The March 20, 2009 article (see Exhibit "3") on the front page of *The Daily News*, entitled "AIG bonus debacle hits close to home", brings some real clarity to the requested rate increase:

The news of a possible increase in the Middlesboro water rate comes on the heels of the recent news media frenzy over projected AIG bonuses. President Barack Obama recently spoke on the matter in a California town hall

meeting recently. It may seem like a stretch to think these two issues could be related, however according to the March 17 issue of West Kentucky Journal of Politics and Issues, it just so happens that they are. The issue states that "AIG is one of those companies that owns companies that owns companies", and one of those companies just so happens to be Utilities, Inc. which owns WSCK.

- (7) We can anticipate that the increased water rate will be passed on by local businesses to the local consumer. For example, car washing services, hospital, nursing homes, motels/hotels, car dealers, schools, restaurants, produce markets, ice distributors, and any other business that uses larger than normal water supply will no doubt pass on the rate increase to local consumers.
- (8) During the summer months, the City of Middlesboro provides "free" use of the local swimming pool. This activity provides a means of keeping youth off of the street corners and provides a means for a family facing economic pressures to enjoy at no cost a time of relaxation and family togetherness. Faced with a 50.80% water rate increase, the City will have to make some tough decisions regarding the pool. The water rate increase would inevitably lessen the public's enjoyment.
- (9) The public's health could be impacted. Some of the Middlesboro local restaurants post their Health Department ratings. There are very few "A's". Businesses, not only restaurants, may choose to lessen their use of water to save money in their daily operations and thus expose the public to all types of health risks.

b. A rate increase of 50.80% could certainly deter new businesses from coming to the Middlesboro area and could possibly deter existing businesses from expanding.

(1) There are two (2) industrial parks located in the city limits of Middlesboro, i.e., Whitmer Industrial Park and the Bell County Training and Technology Park.

(2) To my knowledge, there is one (1) industry located in these industrial parks.

(3) These parks have or are applying to receive federal and/or state dollars. Two of the items that industry looks at in choosing a site to locate to are (i) the availability of utilities and their respective costs and (ii) the opinion of existing industries. Despite the federal and/or state funding, these industrial parks could remain literally empty because of a 50.80% water rate increase.

(4) It is possible that such a rate increase could deter existing industries from expanding or, at the least, lead them to consider moving to a friendlier economic area.

(5) Finally, as a citizen of Middlesboro, I oppose the rate increase as excessive and object to the negative financial impact it places on myself and other Middlesboro residents.

WHEREFORE, I, as intervenor, seek the following:

1. WSCK not be permitted the 50.80% rate increase requested because of the above stated economic reasons;

2. Conversely, if WSCK is granted a rate increase that it be 10% or less regardless of WSCK's reasons; and

3. That WSCK be encouraged to realize that it must be a community leader, not a community destroyer.

Ismail Eldahan
Customer of WSCK
R4 Box 52
Middlesboro, Kentucky 40965
(606) 248-3190

Exhibit "2"

Businesses That Have Closed

Dawahares Clothing
Firehouse Video
Video Box
P T Pros, Inc.
Charlie Dogs
Domino's
Shoe Department
China Star
Friedman's Jewelers
Steve & Barrys
Kay-Bee Toy Store
Underground Attitude
Goody's
Avenue Café
Dholakia & Dholakia
Sterchi's Factory Direct Furniture Store
SGS Minerals Services (f/k/a Commercial Testing)
Highway Oil
Joy Food Store
Flowers From the Heart

Exhibit "1" – *The Daily News* (Middleboro, Kentucky), March 11, 2009, Page 11

Exhibit "3" – *The Daily News* (Middleboro, Kentucky), March 20, 2009, Page 1