

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

MAR 24 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, Romell Johnson, P.O. Box 1557, 114 Park Manor, Middlesboro, Kentucky 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 WSKC. 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 WSKC 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 WSKC.

- (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.

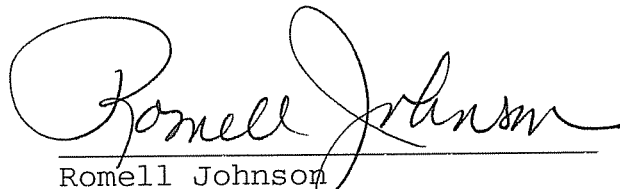
(2) To my knowledge, there is one (1) industry located in these industrial parks.

(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.



Romell Johnson
Customer of WSCK
P.O. Box 1557
114 Park Manor
Middlesboro, Kentucky 40965
(606) 248-0043

**WATER SERVICE CORPORATION OF KENTUCKY
MIDDLESBORO AREA
NOTICE TO CUSTOMERS
WATER RATE ADJUSTMENT**

Pursuant to the regulations of the Public Service Commission (Commission), Water Service Corporation of Kentucky (WSCK) gives notice to its customers in Middlesboro that it intends to adopt an increase in its water rates. The rates listed below are to be effective April 15, 2009, or sooner if approved by the Commission. The average customer bill for all meter sizes is shown below. Further information may be obtained from the Commission or WSCK. The rates proposed in this Notice may be modified by the Commission. Such action by the Commission may result in the rates being higher or lower than those proposed by the WSCK.

Any corporation, association, body politic or person may by timely motion, within 30 days of this Notice, request intervention in this case. Intervention beyond the 30 day period may be granted for good cause shown. The Motion must be submitted to the Public Service Commission, 211 Sower Blvd., Box 615, Frankfort, Ky. 40602 and should state the grounds for the request, including the interest and status of the party. Intervenor may obtain copies of the Application and any testimony filed by contacting WSCK at the address below. A copy of the Application is available for public review at the office of WSCK and at the Public Service Commission, 211 Sower Blvd., Frankfort, Ky. 40601, (502) 564-3940.

John Hoy
Water Service Corporation of Kentucky
2335 Sanders Road
Northbrook, Illinois 60062
(847) 498-6440
Local Office:
1221 East Cumberland Avenue
P.O. Box 818
Middlesboro, Kentucky 40965
(606) 248-5730

	Current Rates: (per 1,000 gallons)	Proposed Rates: (gallage)	Average Bill Dollar Increase:	Average Bill Percentage Increase:
5/8" meters	First 1,000 (minimum)	\$6.74 \$10.16	\$8.02	50.80%
	Next 9,000	\$2.71 \$4.09		
	Next 15,000	\$2.47 \$3.72		
	Next 25,000	\$2.35 \$3.54		
	Next 50,000	\$2.10 \$3.17		
	Over 100,000	\$1.92 \$2.90		
1" meters	First 6,000 (minimum)	\$20.29 \$30.60	\$35.19	50.80%
	Next 4,000	\$2.71 \$4.09		
	Next 15,000	\$2.47 \$3.72		
	Next 25,000	\$2.35 \$3.54		
	Next 50,000	\$2.10 \$3.17		
	Over 100,000	\$1.92 \$2.90		
1 1/2" meters	First 13,000 (minimum)	\$38.54 \$58.12	\$59.78	50.80%
	Next 12,000	\$2.47 \$3.72		
	Next 25,000	\$2.35 \$3.54		
	Next 50,000	\$2.10 \$3.17		
	Over 100,000	\$1.92 \$2.90		
2" meters	First 21,400 (minimum)	\$59.29 \$89.41	\$83.77	50.80%
	Next 3,600	\$2.47 \$3.72		
	Next 25,000	\$2.35 \$3.54		
	Next 50,000	\$2.10 \$3.17		
	Over 100,000	\$1.92 \$2.90		
3" meters	First 68,400 (minimum)	\$165.57 \$249.68	\$204.38	50.80%
	Next 31,600	\$2.10 \$3.17		
	Over 100,000	\$1.92 \$2.90		
4" meters	First 127,500 (minimum)	\$284.73 \$429.37	\$144.64	50.80%
	Over 127,500	\$1.92 \$2.90		
6" meters	First 281,500 (minimum)	\$580.41 \$875.26	\$845.30	50.80%
	Over 281,500	\$1.92 \$2.90		

	Current Rates (flat):	Proposed Rates (flat):	Average Bill Dollar Increase:	Average Bill Percentage Increase:
Industrial city special	\$118.58	\$178.82	\$60.24	50.80%
Commercial city sprinkler	\$15.00	\$22.62	\$7.62	50.80%
Industrial city sprinkler	\$15.00	\$22.62	\$7.62	50.80%
Commercial city special	\$30.00	\$45.24	\$15.24	50.80%
Commercial county special	\$45.00	\$67.86	\$22.86	50.80%
Commercial county special	\$315.00	\$475.02	\$160.02	50.80%
Government city special	\$30.00	\$45.24	\$15.24	50.80%
Government city special	\$105.00	\$158.34	\$53.34	50.80%
Commercial city special	\$45.00	\$67.86	\$22.86	50.80%
Commercial city special	\$60.00	\$90.48	\$30.48	50.80%
Industrial city sprinkler	\$60.00	\$90.48	\$30.48	50.80%
Industrial city special	\$75.00	\$113.10	\$38.10	50.80%
Government city hydrant	\$3.33/hydrant	\$5.02/hydrant	\$1.69	50.80%

	Current Rates	Proposed Rates
Tap/Connection Fees		
Less than or Equal to 1 inch connection		\$1,434.00
Greater than a 1 inch connection		Actual Cost
Tampering Fee		\$27.00
Non Sufficient Funds Charge		\$15.00
Adding a Meter Fee		
Less than or Equal to 1 inch connection		\$50.00
Greater than a 1 inch connection		Actual Cost of Meter
Service Reconnection Charge	\$20.00	\$27.00
New Customer Account Setup Fee		\$27.00
Service Charges	\$20.00	\$27.00
Meter Testing Fee		
Only for 5/8" or 3/4" residential meter	\$15.00	\$20.00
1 arner meter testing		Actual Cost

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

AIG bonus debacle hits close to home

Possible increase in Middleboro water rate discussed at Pineville Utility Commission meeting

By RENEE DANIELS
Correspondent

PINEVILLE — The Pineville Utility Commission met Tuesday for their regular monthly session and discussed the recent notice of intent filed by Middleboro's water utility company, Water Service Corporation of Kentucky (WSCK), to increase Middleboro's water rate by 50.8 percent.

A table comparing selected Pineville city and county rates and fees with those proposed by WSCK was provided to the board to show how the rate hike could possibly effect Pineville customers and how projected costs for Middleboro varied with current costs for Pineville. The Pineville Utility Commission Management Report made it clear that Middleboro water rates are most comparable to Pineville city rates in the type of service area, customer density and cost of service provided.

The news of a possible increase in the Middleboro 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.

Amid all the recent ruckus in the media over unfair AIG bonuses, it seems the issue is hitting closer to home than expected. However, Middleboro is not alone. Clinton, Ky, which is West of Middleboro, is also feeling the pinch. They share the same water utility service as Middleboro and customers there share the same issues as those in Middleboro and Pineville. Many of them are already living at or below poverty level and are struggling to make ends meet. Many question how they will make it when their basic utilities start going up by half. Yet, they have decided to fight back. The West Kentucky Journal of Politics and Issues reports that there is hope that a public hearing will be held in Clinton to discuss the proposed rate hike and letters to the Public Service Commission are already going out. The proposition and full plan can be found at <http://psc.ky.gov/pscscf/2008%20cases/2008-00563/>. If the proposed rate increase becomes a reality in Middleboro, as it seems to be in Clinton, then Middleboro customers may face the choice Clinton residents have: will they sit idly by or will they choose to be active and have a say in the matter?

Other business discussed at the meeting included the official stimulus project request list, which is being administered by the Kentucky Infrastructure Authority (KIA) with the support of the Kentucky Division of Water (DOW). Management detailed that there have been four projects submitted on behalf of the city of Pineville and the Pineville Utility Commission for stimulus funding consideration. Those four projects include, in priority order, Kentucky Avenue Utility Replacement, Virginia Avenue Utility Replacement, Water Treatment Plant Expansion, and the SCADA System Expansion.

An update was given on the Dorton Branch Sewer Extension, which will provide sanitary sewer service to Dorton Branch and will consist of a sewer lift station, gravity sewer lines, force main, and upgrades to the existing Newtown lift station. The contract has been awarded to Akins Excavating Inc., of Corbin and notice to proceed will be issued upon submittal of all required bonds and documents. Construction should be complete by the end of the year. Manager Bill Bunch explained to the board that letters have been sent to property owners in the project area regarding possible connection to the new sewer paid from remaining project funds. He explained that the opportunity is available on a

• See WATER, page 3