

Public Service Commission  
211 SOWER BIRD  
FRANKFORT, KY. 40601


Water service of Kentucky Inc. should have never  
purchased this water service in Clinton, KY.  
The water service was either financially unsound at  
time of purchase, or has been so poorly managed since  
purchase that it would be seeking a rate increase of  
50.8% in such a short period of time,  
many of the customers are retired, living on fixed income  
and can not afford any increases in their living expenses.  
many would have to make a decision - is it bread or  
water this month. I ask you to make a decision  
that is fair to the citizens of Clinton, KY.  
A NO vote is in order.

Thank You

RECEIVED

MAR 25 2009

PUBLIC SERVICE  
COMMISSION

Gentry Harris Age 81  
  
260 EVANS LANE  
CLINTON, KY 42031  
Phone 653-6825

It wasn't until the summer of 2008 that the new bills began to arrive and from Day One, they were messed up. Few customers here in Clinton didn't call the water company because they got multiple bills. One business thought it got a break when its bill went down somewhat, only to discover that the bill hadn't included sewer costs. This went on for several months. Finally, the sewer showed up -- due in full - on one bill. Requests to spread out the payment fell on deaf ears.

Some of us were so confused by the bills; we paid them every time they came in. Kountry Café got three bills a month, prompting the story in the Mississippi River Journal. We carried it here. Fears of bad credit reports and shut offs kept most customers paying whenever a bill arrived.

A second reason came from company financial expert, Pauline M. Ahern, who opined that a rate increase will allow WSCK to "earn a range of common equity cost ratio of 11.60% to 12.10%" In the present market, that is an attractive return on investment.

### **WHAT CITIZENS CAN DO**

So there you have it. AIG's baby, Utilities, Inc. and its grandbaby, Kentucky Water Services Corp., want an over 50% increase in the water bills. Local citizens are angry, upset and fearful. Many senior citizens on fixed incomes are already stretched past the breaking point. Others living below the poverty line without hope of getting a job are worried about how to pay another rising utility bill.

Customers we've talked to "want to do something", but say they cannot afford to file to intervene in the case. The trip to Frankfort is daunting and expensive. Some dare not leave the jobs or businesses they have for the time it would take to travel and attend a hearing in Frankfort. Letters to the Public Service Commission are already going out. There is a hope that a public hearing will be held in Clinton, so residents can speak their minds close to home.

The case in its entirety can be read at [PSC Case No. 2008-00563](#). The application contains direct testimony from company officials and consultants supporting the application. The application is over 600 pages long.

The Clinton City Council was told at its March meeting by a company representative that the increase was going to go through and there was nothing they could do about it. The Council was asked not to oppose it. One member, Mickey Beck, responded that he and the Council "would be fools" to support the rate hike against the interest of their constituents. In its public announcement, the water company predicts the new rate to go into effect April 15th. With enough public outcry, that prediction could become a vain hope.

Anyone, especially those directly affected by the rate increase, who wants to comment, can write to the

**Public Service Commission,**

**211 Sower Blvd.,**

**Frankfort, KY 40601.**

## AIG Comes to Clinton

Posted: Tuesday, March 17, 2009 11:57 am

Two Kentucky towns, Middlesboro and Clinton, get their water from a company called Water Services of Kentucky, Inc. The company boasts 7991 customers. Water Services of Kentucky is a subsidiary of Utilities, Inc. which is a subsidiary of AIG, Inc. On December 30, 2008, Water Services of Kentucky, Inc., grandchild of AIG filed a request with the Kentucky Public Service Commission to approve a rate hike of a whopping 50.8%



AIG is a conglomerate that owns companies that own companies. Its recent newsworthiness is because the American taxpayer has shelled out over 168 billion dollars to keep it afloat. AIG wrote insurance policies on loans that allowed banks to grant loans that now have the worth of a roll of Charmin. Commentators, politicians and financial pundits bemoan the fact that AIG is "too big to fail". Last weekend, the airwaves were ablaze with the news that AIG was giving out 167 million in bonuses to employees. Whether that will go through or not remains to be seen. President Obama came out against the bonuses and government officials have their frowny faces on. Whether AIG will brazen it out and hand out the Christmas turkeys at Easter or not remains to be seen at this writing.

## PROJECT PHOENIX & HAPPY INVESTORS

Getting back to two small towns and their water company, one of the reasons given for the 50% rate hike request is Project Phoenix. During the summer of 2008, the parent company, Utilities, Inc., began upgrading its billing and customer service department. According to John Williams, director of governmental affairs for the company, the revamp began in 2006 with a report from Deloitte on the inefficiency of the water company. The company came up with "Project Phoenix", to leave behind poor billing and inefficient customer management to a rebirth; a rising from the fire, new, bright and shiny.

To get Project Phoenix out of the nest, Oracle would supply the "Customer Care and Billing System" and J.D. Edwards the financial system. These systems, according to Williams, are integrated in such a manner that allows for the "sharing of crucial information between the Company's different operational organizations." Filings with the Public Service Commission by the company reveal the new software program and customer management system cost Utilities, Inc. a whopping \$14 million dollars. Of that amount, \$367,498 was allocated to serve the 7991 customers in Kentucky. That worked out to about \$46 a customer, although Williams said that the final costs weren't all in, yet.

The water company closed its Clinton office in late 2007 or early 2008. One employee was left to oversee the water system. Townspeople grumbled about the inconvenience of having no open office, although one could pay the bill at a local bank in a pinch.



