

FILED

APR 28 2009

PUBLIC SERVICE
COMMISSION

2009-00171

RECEIVED

APR 28 2009

PUBLIC SERVICE
COMMISSION

RECEIVED

APR 28 2009

PUBLIC SERVICE
COMMISSION

April 27, 2009

Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Post Office Box 615
Frankfort, KY 40602

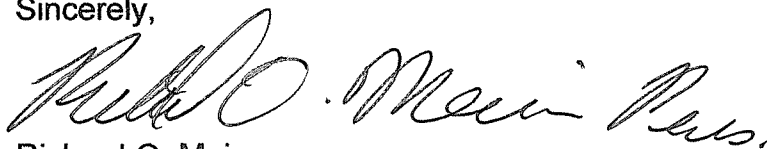
Dear Sirs:

Attached please find an original and 10 copies of an Alternative Rate Filing ("ARF") application for Big Bear Wastewater, Inc. sewer utility. A copy of this filing has also been sent to the Office of the Attorney General.

In addition to the rate application and supporting documentation, notice to customers, and verification of mailing, Big Bear Wastewater, Inc. has also provided one copy of financial information for the staff of the PSC's Financial Analysis Division. For ease of processing this rate request, please ensure that this financial information is transmitted to the team leader assigned to this case. In addition, please incorporate by reference in this case the Big Bear annual reports on file with the Commission.

Big Bear is proposing that the new rates become effective on May 30, 2009, and has provided a proposed tariff to that effect, included after Attachment A of the application. In addition, Big Bear has attempted to the best of its ability to fully comply with the Commission's ARF filing requirements. However, please consider this a request for waiver of any filing requirements which Big Bear may have inadvertently overlooked, on the grounds that all relevant information has been provided to allow the processing of this case to begin.

Sincerely,



Richard O. Meier
President, Big Bear Wastewater, Inc.

APPLICATION FOR RATE ADJUSTMENT
BEFORE THE PUBLIC SERVICE COMMISSION

For Small Utilities
Pursuant to 807 KAR 5:076
(Alternative Rate Filing)

Big Bear Wastewater, Inc.

Name of Utility

3499 Big Bear Highway

Benton, KY 42025

Business Mailing Address

Telephone Number 270 / 354-6436
Area Code Number

I. Basic Information

NAME, TITLE, ADDRESS and Telephone number of the person to whom correspondence or communications concerning this application should be directed:

Name: Mr. Richard O. Meier, President

Address: 3499 Big Bear Highway
Benton, KY 42025

Telephone Number: (270) 354-6436

- | | | | |
|----|---|-----|----|
| 1) | Do you have 500 customers or fewer? | Yes | No |
| 2) | Do you have \$300,000 in Gross Annual Revenue or less? | Yes | No |
| 3) | Has the Utility filed an annual report with this Commission for the past year and the two previous years? | Yes | No |
| 4) | Are the utility's records kept separate from any other commonly-owned enterprise? | Yes | No |

NOTICE: To be eligible for consideration of a rate adjustment under this regulation, you must have answered yes to either question 1 or 2 and yes to both questions 3 and 4 above. If you answer no to questions 3 or 4, you must obtain written approval from the Commission prior to filing this Application. If these requirements are not met, you must file under the Commission's procedural rules, 807 KAR 5:001.

II. Increased Cost Information

(1) The most recent Annual Report will be used as the basic test period data in order to determine the reasonableness of the proposed rates. The Annual Report used as the basis for the 12 months ending December 31, 2007.

a. If you have reason to believe some of the items of revenue and expense listed in the Annual Report will increase or decrease, please list each item, the expected increase or decrease and the adjusted amount. – **Please See Attachment A**

<u>Item Per Annual Report</u>	<u>Amount Per Annual Report</u>	<u>Increase (Decrease)</u>	<u>Adjusted Amount</u>
<u>Revenues:</u>	\$	\$	\$
Total Revenues	\$ _____	\$ _____	\$ _____
<u>Expenses:</u>			
Total Expenses	\$ _____	\$ _____	\$ _____
Revenues Less Expenses	\$ _____	\$ _____	\$ _____

b. Please describe each item that you adjusted on page 2 and how you know it will change. (Please attach invoices, letters, contracts or receipts which will help in proving the change in cost).

Please see Attachment A

c. Please list your present and proposed rates for each class (i.e., residential, commercial, etc.) of customer and the percentage of increase proposed for each class:

<u>Customer Class</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Percent Increase</u>
-----------------------	----------------------	-----------------------	-------------------------

Present Rate is \$30.37 flat rate per month.

Proposed Phase 1 rate is \$45.95 per month (51.3% increase).

Proposed Phase 2 rate after 1st year is \$49.93 (64.38% increase).

Proposed Phase 3 rate after 2nd year is \$53.90 (77.5% increase).

III. Other Information

a. Please complete the following questions:

- 1) Please describe any events or occurrences, which may have an effect on this rate review that should be brought to the Commission's attention (e.g., excessive line losses, major repairs, planned construction).

Big Bear Wastewater, Inc. believes it is very different – perhaps even unique – compared to the other sewer utilities regulated by the PSC. The sewer plant is squarely in the middle of, and serves, a desirable resort community of both condominium property owners and rental units on the shores of Kentucky Lake, unlike most sewage treatment plants serving residential subdivisions. Because the economic viability and the property values of this resort community could be significantly harmed by any aesthetic, operational, or environmental problems related to sewage treatment, Big Bear Wastewater, Inc. has always strived to maintain its plant to achieve the highest quality of service, and wants to continue to do so. However, the current rate structure – which was set in 2000 based on a revenue requirement of only \$25,022 – is simply inadequate to meet operating expenses and provide any funds for repairs, replacements, or upgrades.

For example, in March of 2009, Big Bear Wastewater, Inc. received and responded to a request for information from the PSC's Executive Director relative to the severe ice storm experienced in January 2009. This information request included a question about our emergency plans and ability to secure backup power generation during power failures. In an ideal world, Big Bear would own an emergency generator costing \$25,000 or more to provide backup power, and in fact would purchase said generator – if the PSC mandates that we own backup generation and provides for its cost recovery. This application does not include proposed cost recovery of a generator,

but should the Commission mandate backup generation, we would seek to recover this cost.

In an ideal world, Big Bear Wastewater, Inc. would also have backup treatment capacity, although this application does not include a request to recover the cost of backup capacity. In the event of a catastrophic event or the mere failure of the operation, there is currently no backup facility to divert the effluent to while repairs are being expedited on the existing plant. There is a diverter box already in place where untreated waste could already be diverted into a backup plant. The original 12,000 gallon plant currently exists but is beyond repair. The secondary benefit of this would allow this facility at times of low flow, namely the months of October through March, to treat its wastewater by using the backup capacity. This would use considerably less energy – a Green effect – because only one motor would be used instead of four. It would also extend the life of the existing plant and allow us to do major repairs during the off season.

Big Bear in this application is also requesting to reduce the longstanding subsidy whereby many of its sewer utility expenses are paid for and not reimbursed by its resort operations.

- 2) Total number of Customers
as of the date of filing: 66 (4 winter months), 95 (8 months)
- 3) Total amount of increased
revenue requested: \$15,948/yr. in Phase 1; \$20,021/yr. in
Phase 2; and \$24,094/yr. in Phase 3.
- 4) Please circle Yes or No:
- a) Does the utility have any outstanding
indebtedness? Yes No
- If yes, attach a copy of any documents
such as promissory notes, bond
resolutions, mortgage agreements, etc.
- b) Were all revenues and expenses listed
in the Annual Report for 2007 incurred
and collected from January 1 to
December 31 of that year? Yes No
- If no, list total revenues and total
expenses incurred prior to or

If no, list total revenues and total expenses incurred prior to or subsequent to this period and attach invoices or other analysis which show how amounts were calculated.

- 5) Attach a copy of the utility's depreciation schedule of utility plant in service. Reconcile any differences between total depreciation shown on the Annual Report for 2007 and the amount shown on this schedule. **Note – The PSC disallowed depreciation expense on Big Bear's original plant investment in its 1999-2000 rate case. Therefore, Big Bear has not requested depreciation expense for that plant in this case, but has requested depreciation expense for plant additions since then.**
- 6) If utility is a sewer utility:
 - a) Attach a copy of the latest State and Federal Income Tax Returns. **Attached.**
 - b) How much of the utility plant was recovered through the sale of lots or other contributions _____ \$ or %? (If unknown, state the reason). **Unknown – records were not maintained so as to keep this information.**

- b. Please state the reason or reasons why a rate adjustment is requested. (Attach additional pages if necessary).

Big Bear Wastewater, Inc. has not had a rate increase since 2000, and costs have risen since then. In addition, Big Bear Resort has always subsidized the operation of the sewer utility, and this rate adjustment includes proposed adjustments to lessen the degree of subsidy.

IV. Billing Analysis

The billing analysis is the chart reflecting the usage by the customers as well as the revenue generated by a specific level of rates. A billing analysis of both the current and proposed rates is mandatory for analysis of this rate filing. The following is a step-by-step description which may be used to complete the billing analysis. A completed sample of a billing analysis is also included. Although the sample reflects water usage, it is equally applicable for gas companies using declining block rate design. This billing analysis is not intended for companies using a flat rate design.

a. Usage Table (Usage by Rate Increment)

Information needed to complete the usage table should be obtained from the meter books or other available usage records. The usage table is used to spread total usage into the proper incremental rate step.

Column No. 1 is the incremental steps in the present or proposed rate schedule for which the analysis is being made. Column No. 2 is the number of bills in each incremental rate step. Column No. 3 is the total gallons used in each incremental rate step. Column Nos. 4, 5, 6, 7, 8, and 9 are labeled to correspond to the incremental rate steps shown in Column No. 1 and contain the actual number of gallons used in each incremental rate step.

Example for completing Usage Table is as follows:

Column No. 1 is incremental rate steps.

Columns numbered 2 and 3 are completed by using information obtained from usage records.

Columns numbered 4, 5, 6, 7, 8, and 9 are completed by the following steps:

- Step 1: 1st 2,000 gallons minimum bill rate level
 432 Bills
 518,400 gallons used
 All bills use 2,000 gallons or less, therefore, all usage
 is recorded in Column 4.
- Step2: Next 3,000 gallons rate level
 1,735 Bills
 4,858,000 gallons used
 1st 2,000 minimum x 1,735 bills = 3,470,000 gallons –
 record in Column 4.
 Next 3,000 gallons – remainder of water over 2,000 =
 1,388,000 gallons – record in Column 5.
- Step3: Next 10,000 gallons rate level
 1,830 Bills
 16,268,700 gallons used
 1st 2,000 minimum x 1,830 bills = 3,660,000 gallons –
 record in Column 4.
 Next 3,000 gallons x 1,830 bills = 5,490,000 gallons –
 record in Column 5.
 Next 10,000 gallons – remainder of water over 3,000
 = 7,118,700 gallons – record in Column 6.

Step4: Next 25,000 gallons rate level
 650 Bills
 15,275,000 gallons used
 1st 2,000 minimum x 650 bills = 1,300,000 gallons –
 record in Column 4.
 Next 3,000 gallons x 650 bills = 1,950,000 gallons –
 record in Column 5.
 Next 10,000 gallons x 650 bills = 6,500,000 gallons –
 record in Column 6.
 Next 25,000 gallons – remainder of water over 10,000
 = 5,525,000 gallons – record in Column 7.

Step5: Over 40,000 gallons rate level
 153 Bills
 9,975,600 gallons used
 1st 2,000 minimum x 153 bills = 306,000 gallons –
 record in Column 4.
 Next 3,000 gallons x 153 bills = 459,000 gallons –
 record in Column 5.
 Next 10,000 gallons x 153 bills = 1,530,000 gallons –
 record in Column 6.
 Next 25,000 gallons x 153 bills = 3,825,000 gallons –
 record in Column 7.
 Over 40,000 gallons – remainder of water over 25,000
 = 3,855,600 gallons – record in Column 8.

Step6: Total each column for transfer to Revenue Table.

b. Revenue Table (Revenue by Rate Increment)

The Revenue Table is used to determine the revenue produced from the Usage Table. Column No. 1 is the incremental rate steps in the rate schedule for which the analysis is being made. Column No. 2 indicates the total number of bills. Column No. 3 is the number of gallons accumulated in each rate increment (Totals from Columns 4, 5, 6, 7, and 8 of the above usage table). Column No. 4 is the rates to be used in determining revenue. Column No. 5 contains the revenue produced.

Revenue from Present/Proposed Rates
 Test Period from 01-01-XX to 12-31-XX

USAGE TABLE
 Usage by Rate Increment

Class: Residential

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Bills	Gallons/Mcf	First 2,000	Next 3,000	Next 10,000	Next 25,000	Over 40,000	Total
First 2,000 Minimum Bill	432	518,400	518,400	1,388,000				518,400
Next 3,000 Gallons	1,735	4,858,000	3,470,000	5,490,000	7,118,700			4,858,000
Next 10,000 Gallons	1,830	16,268,700	3,660,000	1,950,000	6,500,000	5,525,000		16,268,700
Next 25,000 Gallons	650	15,275,000	1,300,000	1,950,000	6,500,000	5,525,000		15,275,000
Over 40,000 Gallons	153	9,975,600	306,000	459,000	1,530,000	3,825,000	3,855,600	9,975,600
Totals	4,800	46,895,700	9,254,400	9,287,000	15,148,700	9,350,000	3,855,600	46,895,700

REVENUE TABLE
 Revenue by Rate Increment

(1)	(2)	(3)	(4)	(5)
	Bills	Gallons/Mcf	Rates	Revenue
First 2,000 Minimum Bill	4,800	9,254,400	\$ 5.00 Minimum Bill	\$ 24,000.00
Next 3,000 Gallons		9,287,000	\$ 2.50 per 1,000 Gal.	23,217.50
Next 10,000 Gallons		15,148,700	\$ 2.00 per 1,000 Gal.	30,297.40
Next 25,000 Gallons		9,350,000	\$ 1.25 per 1,000 Gal.	11,687.50
Over 40,000 Gallons		3,855,600	\$ 0.75 per 1,000 Gal.	2,891.70
Totals	4,800	46,895,700		\$ 92,094.10 Total Revenue

Instructions for Completing Revenue Table:

- (1) Complete Columns No. 1, 2, and 3 using information from Usage Tables.
- (2) Complete Column No. 4 using rates either present or proposed.
- (3) Column No. 5 is completed by first multiplying the bills times the minimum charge.
- (4) Then, starting with the second rate increment, multiply Column No. 3 by Column No. 4 and total.

V. General Information/Customer Notice

1) Filing Requirements:

a. If the applicant is a corporation, a certified copy of its articles of incorporation must be attached to this application. If the articles and any amendments thereto have already been filed with the Commission in a prior proceeding, it will be sufficient to state that fact in the application and refer to the style and case number of the prior proceeding.

b. An original and 10 copies of the completed application should be sent to:

Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Post Office Box 615
Frankfort, Kentucky 40602

Telephone: 502 / 564 – 3940

c. One Copy of the completed application should also be sent at the same time to:

Office of Rate Intervention
Office of the Attorney General
1024 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601-8204

2) A copy of the customer notice must be filed with this application. Proper notice must comply with Section 4 of this regulation.

3) Copies of this form and the regulation may be obtained from the Commission's Office of Executive Director; or by calling 502 / 564 – 3940.

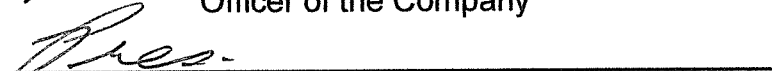
4) I have read and completed this application, and to the best of my knowledge all the information contained in this application is true and correct.

Signed

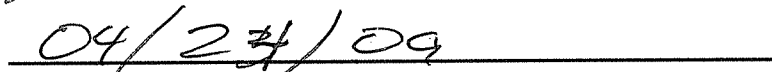


Officer of the Company

Title



Date



Big Bear Wastewater, Inc.
Exhibit Index

1. Attachment A - Pro Forma Income Statement with Explanations
2. Proposed Tariff for 3-Phase Rate Increase
3. Customer Notice & Written Statement Verifying Customer Notice Mailed
4. Documentation of Debt (per ARF form page 4)
5. Depreciation Schedule
6. Latest Federal and State Tax Returns
7. Articles of Incorporation

Attachment A
Big Bear Wastewater, Inc.

	2007	Adjustments	Ref.	Adjusted
Total Operating Revenue	\$30,491	\$608	A	\$31,099
Owner/Manager. Fee	\$6,350	(\$350)	B	\$6,000
Collection Syst. Labor, M&E	\$3,226	(\$3,226)	C	0
Sludge Hauling	0	\$3,200	D	\$3,200
Utility Service-Water	\$4,744	\$479	E	\$5,223
Rents –Treatment System	\$1,200	0		\$1,200
Chemicals	0	\$2,081	F	\$2,081
Routine Maintenance Fee	0	\$13,200	G	\$13,200
Mt. of Collection Sewer System	\$5,649	(\$4,074)	H	\$1,575
A & G Salaries	0	\$3,600	I	\$3,600
Office Supplies/Other	\$239	\$176	J	\$415
Outside Services Employed	\$2,654	\$542	K	\$3,196
Insurance Expenses	0	\$1,874	L	\$1,874
Employee Pensions/Benefits	\$2,488	(\$2,488)	M	0
Rents – A&G	0	\$2,400	N	\$2,400
<i>Total O&M Expenses</i>	<i>\$26,550</i>	<i>\$17,414</i>		<i>\$43,964</i>
Depreciation Expense	\$7,259	(\$5,153)	O	\$2,106
Amortization Expense	0	\$725	P	\$725
Taxes Other Than Income	\$1,775	0		\$1,775
Total Operating Expenses	\$35,584	\$12,986		\$48,570
<i>Net Operating Income</i>	<i>(\$5,093)</i>	<i>(\$12,378)</i>		<i>(\$17,471)</i>
Interest on LT Debt	\$10,296	0		\$10,296
Net Income	(\$15,389)	(\$12,378)		(\$27,767)

Revenue Requirement Calculation:

\$ 48,570 - Pro Forma Operating Expenses Before Taxes
 \$ 55,193 – Total Revenue Requirement Before Taxes and Interest Using 88% Operating Ratio
 \$ 10,296 – Add: Interest on Long-Term Debt
 \$ 65,489 – Total Revenue Required Before Taxes
 (\$58,866)- Less Pro Forma Operating and Interest Expense Before Taxes
 \$ 6,623 – Net Income Allowed After Taxes
 X 123% - Tax Gross Up Factor Used in Case No. 99-114
 \$ 8,146 – Net Operating Income Before Taxes
 \$ 58,866 – Plus Operating and Interest Expenses Before Taxes
 \$ 67,012 – Fully Justified Revenue Requirement (115.5% Increase)

\$ 67,012 – Fully Justified Revenue Requirement from prior page (115.5% Increase)
(\$31,099)- Less Normalized Revenues
\$ 35,913 - Fully Justified Increase (115.5% increase)

\$ 15,948 – Additional Annual Revenue Requested with Phase 1 Increase (51.3% increase)
Current rate \$30.37 x 1.513 = \$45.94981 or \$45.95 new Phase 1 rate

\$20,021 – Additional Annual Revenue Requested with Phase 2 Increase (64.38% increase)
Proposed Phase 2 rate of \$49.921 or \$49.93 per month

\$ 24,094 – Total Annual Revenue Increase Requested w. Phase 3 Increase (77.5% increase)
Proposed Phase 3 rate of \$53.899 or \$53.90 per month

Reference Notes:

A. Normalized Revenues based on 1,024 bills, which was based on the number of customers (66 for 4 months, and 95 for 8 months, of the year) at the end of 2007.

B. Owner/Manager Fees of \$6,000 have been requested in this case. Big Bear Wastewater Inc.'s President is a certified plant operator, and has owned and operated this sewage treatment facility since 1976. During this time, he has strived to maintain the plant consistent with sound engineering and environmental practices and to provide the highest quality of service, and has subsidized the plant's operation with resort funds to ensure its operation. Because Big Bear Wastewater, Inc. serves a resort community, it is critical to both the owners of Big Bear Wastewater, Inc. and the resort's property owners that there be no aesthetic, odor, environmental, or operational problems of any kind, because such problems would destroy the economic viability of the community and the resort's property values. Big Bear Wastewater, Inc. believes that \$3,600 per year is simply inadequate to properly compensate the owner/manager for these responsibilities, as well as the potential liabilities inherent in owning a sewer facility discharging into a Federal waterway.

C. Collection System Labor, Materials and Expenses of \$3,226 were removed. A labor cost allocation of \$3,226 was made to this account in 2007. For ease of understanding, requested labor costs are now being requested in the Routine Maintenance Fee and other accounts.

D. Sludge Hauling Expense was not recorded in the 2007 PSC Annual Report, but sludge hauling charges of \$1,992.67 were incurred in 2007 and included in Maintenance of Collection Sewer System Expenses of \$5,649 (see Note H). For ease of understanding, sludge hauling expense was removed from that account for purposes of this application and reassigned to Sludge Hauling Expense. In addition, Big Bear Wastewater is now hauling more sludge than in the past because of increased demand from its condo expansion. Therefore, Big Bear Wastewater, Inc. is proposing to use the 2008 sludge hauling expense of \$3,200 rather than the 2007 expense of \$1,992.67 as the pro forma expense.

E. Utility Service - Water Cost actually represents the electricity costs paid to West Kentucky RECC for 2007. Big Bear Wastewater has not been recording water costs, and a minimum bill for its 2-inch water line is \$39.90, which when annualized results in an adjustment of \$478.80.

F. Chemicals Expenses weren't recorded in the 2007 PSC Annual Report, but chemicals charges of \$2,081.47 were incurred in 2007 and included in Maintenance of Collection Sewer System Expenses of \$5,649 (see Note H). For ease of understanding, chemicals expense was removed from that account for this application and reassigned to Chemicals Expense.

G. Routine Maintenance Fees Expense has not been recorded by Big Bear Wastewater, Inc. in the past. Big Bear Wastewater, Inc. is now aware that most sewers regulated by the PSC have contracts with outside vendors providing for routine maintenance of their facilities. In 2009, Big Bear Wastewater, Inc. solicited a proposal (see attached) for routine maintenance from a nearby vendor, and was quoted a fee of \$300 per week during the 36-week seasonal period when the resort experiences heavy use. For the remaining 16-week period of reduced operation, the charge would be \$150 per week. This results in an annual fee of \$13,200, which Big Bear Wastewater, Inc. is proposing as the total annual amount of operational labor for the plant for both routine and extraordinary operation and maintenance costs. This amount compares favorably to the 2007 routine maintenance fee amounts of other PSC-regulated sewers (based on their 2007 PSC annual reports, and not including any potential labor charges from other accounts), as follows:

Sewer Utility	2007 Routine Mt. Fee	Design Capacity
Airview	\$8,400	35,000 GPD
Farmdale Development	\$13,020	80,000GPD
Great Oaks Subdivision	\$21,162	70,000 GPD
Thomas Country Estates	\$23,294	40,000 GPD
Average	\$16,469	
Big Bear WW	Proposed \$13,200	35,000 GPD

H. Maintenance of Collection Sewer System Expense of \$5,649 (as explained in Notes D and F) included sludge hauling expenses of \$1,992.67 and chemicals expenses of \$2,081.47. These two expense categories totaling \$4,074.14 were removed from this account and reassigned.

I. Administrative and General Salaries of \$2,750 for Big Bear Wastewater's Vice-President were included in the \$6,350 of Owner/Manager Fees recorded in 2007, and reassigned to this account for purposes of this application. In addition, Big Bear believes that an increase from \$2,750 to \$3,600 per year is appropriate because the Vice-President performs the administrative duties and has always been heavily involved in the general operation of the sewer plant.

J. Office Supplies and Expenses of \$239 included postage expenses of \$23.70 in 2007. Big Bear Wastewater has not been charged a fair share of postal expenses (including the expense of mailing monthly bills), and Big Bear requests a reasonable pro forma estimate of \$200 for postal expense, an adjustment of \$176.30.

K. Outside Services Employed for 2007 included McCoy and McCoy testing fees of \$1,029, which should be adjusted by \$542 because these fees have increased on a going-forward basis.

L. Insurance Expenses were not recorded for the sewer utility in 2007. In 2008, the liability insurance expense for sewer operations was \$967. In addition, Big Bear Wastewater, Inc. has learned that its cost for workers comp insurance is \$3.98 per \$100 of labor costs. In this application, Big Bear Wastewater, Inc. is proposing total labor costs of \$22,800, consisting of the \$13,200 proposed routine maintenance fee, the \$6,000 proposed owner/manager fee, and the \$3,600 of proposed A&G Salaries for the Vice-President. This would result in sewer workers comp insurance costs of \$907.44, which when combined with liability insurance costs of \$967 results in pro forma insurance costs of \$1,874.44.

M. Employee Pensions and Benefits Expense of \$2,488 were labor charges allocated to this account in 2007. They have been removed for purposes of this application, and appropriate compensation for labor costs has been requested in routine maintenance fees.

N. Rents - Administrative and General Expense has not been recorded in the past. Big Bear Resorts, Inc. believes it is very reasonable to charge \$200 per month for the use of its office, office utilities, phone, printer, copier, internet access, vehicles, and tools.

O. Depreciation Expense of \$7,259 for 2007 was adjusted for the following items. First, depreciation expense related to the original plant investment was removed in accordance with the PSC's decision in Case No. 1999-114. Removal of the original plant investment leaves only two items on the 2007 depreciation schedule with recoverable depreciation expense - a \$2,439 dechlorinator placed in service in November 2005, and a \$2,681.76 grinder/pump placed in service in July 2007, depreciated as follows:

Asset	In Service	Cost Basis	Estimated Life	2007 Expense
Dechlorinator	11/18/05	\$2,439.06	5 years	\$487.80
Grinder/Pump	07/01/07	\$2,681.76	7 years	\$383.11
			Total	\$870.91

Second, Big Bear Wastewater, Inc. incurred a charge of \$1,851 in October 2008 for repairs to its lift station, and is requesting to depreciate this item over 7 years, for an adjustment of \$264.43. Third, Big Bear Wastewater, Inc. is in the process of completing three needed repair and replacements projects, and is requesting depreciation recovery as follows:

Project	Estimated Cost	Est. Life	Proposed Expense
Fabricate ladder & platform for access to chlorinator and dechlorinator.	\$4,500	10 yrs	\$450.00
Rebuild Comminutor lower unit and replace motor	\$2,707	10 yrs	\$270.70
Weld ladders on tertiary plant	\$2,500	10 yrs.	\$250.00
		Total	\$970.70

The total pro forma depreciation expense requested is therefore \$870.91 + \$264.43 + \$970.70, which equals \$2,106.04.

P. Amortization Expense was adjusted for two items totaling \$725 - first, to include a three-year recovery of \$525 for rate case expenses totaling \$1,575; and second, to include a 5-year recovery of \$200 for the \$1,000 KPDES permit fee paid in 2008.

FOR _____
Community, Town or City

P.S.C. KY. NO. _____

_____ SHEET NO. _____

Big Bear Wastewater, Inc.
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

CONTENTS

Schedule of Rates

\$45.95 per month

DATE OF ISSUE April 27, 2009

Month / Date / Year

DATE EFFECTIVE May 30, 2009

Month / Date / Year

ISSUED BY _____
(Signature of Officer)

TITLE _____

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

FOR _____
Community, Town or City

P.S.C. KY. NO. _____

_____ SHEET NO. _____

Big Bear Wastewater, Inc.
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

CONTENTS

Schedule of Rates

\$49.93 per month

DATE OF ISSUE April 27, 2009

Month / Date / Year

DATE EFFECTIVE May 30, 2010

Month / Date / Year

ISSUED BY _____
(Signature of Officer)

TITLE _____

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. _____ DATED _____

FOR _____
Community, Town or City

P.S.C. KY. NO. _____

_____ SHEET NO. _____

Big Bear Wastewater, Inc.
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

CONTENTS

Schedule of Rates

\$53.90 per month

DATE OF ISSUE April 27, 2009

Month / Date / Year

DATE EFFECTIVE May 30, 2011

Month / Date / Year

ISSUED BY _____

(Signature of Officer)

TITLE _____

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. _____ DATED _____

NOTICE

Big Bear Wastewater, Inc. has filed an application with the Public Service Commission to increase its rates for sewer service. The application filed with the PSC justifies an increase to \$53.90 per month. However, we are requesting to only increase the rate at this time to \$45.95 per month due to the size of the increase. After one year at the proposed \$45.95 rate, we are proposing a Phase 2 rate increase to \$49.93 per month. A year after the \$49.93 proposed rate becomes effective, we are proposing to then increase the rate to \$53.90 per month. These rates apply to those customers who have sewer service only. The proposed effective dates of the changes are as follows: Phase 1 increase – May 30, 2009; Phase 2 increase – 1 year after Phase 1 increase becomes effective.; Phase 3 increase – 2 years after Phase 1 increase becomes effective.

Monthly Rate:

<u>Current</u> Flat Rate Minimum Bill	\$30.37	<u>Proposed Phase 1</u> Flat Rate Minimum Bill	<u>Rate</u> \$45.95
<u>Current</u> Flat Rate Minimum Bill	\$30.37	<u>Proposed Phase 2</u> Flat Rate Minimum Bill	<u>Rate</u> \$49.93
<u>Current</u> Flat Rate Minimum Bill	\$30.37	<u>Proposed Phase 3</u> Flat Rate Minimum Bill	<u>Rate</u> \$53.90

	MONTHLY	MONTHLY	PERCENT
	BILL AT	BILL AT	INCREASE
MONTHLY	CURRENT	PROPOSED	OVER
<u>USAGE</u>	<u>RATE</u>	<u>RATE</u>	<u>CURRENT</u>
NO USAGE	\$30.37	Phase 1-\$45.95	51.3%
NO USAGE	\$30.37	Phase 2-\$49.93	64.38%
NO USAGE	\$30.37	Phase 3-\$53.90	77.5%

The rates contained in this notice are the rates proposed by Big Bear Wastewater, Inc.. However, the Public Service Commission may order rates to be charged that are higher or lower than the rates proposed in this notice.

Any corporation, association, body politic, or person may request leave to intervene, by motion within thirty (30) days after notice of the proposed rate change is given. A motion to intervene shall be in writing, shall be submitted to the Executive Director, Public Service Commission, 211 Sower Boulevard, Post Office Box 615, Frankfort, KY 40602, and shall set forth the grounds for the motion, including the status and interest of the party movant. Copies of the application may be obtained at no charge from the utility office at 3499 Big Bear Highway, Benton, KY 42025. Upon request from an intervenor, the utility shall furnish to the intervenor a copy of the application and supporting documents.

Big Bear Wastewater, Inc.

Written Statement of Verification


I, Richard O. Meier, being the President of Big Bear Wastewater, Inc., do hereby verify that the attached notice of proposed rate increase was mailed to Big Bear's sewer customers on April 24, 2009.


Richard O. Meier, President

04/24/09
Date

Subscribed and sworn to before me by Richard O. Meier, President of Big Bear Wastewater, Inc. on this April 24, 2009

My Commission Expires Dec. 20, 2012


Notary Public
In and for said County and State

BIG BEAR WASTEWATER, INC.
3499 BIG BEAR HIGHWAY
BENTON, KY 42025
502-354-6414

February 24, 1998

Michael Hagan
The Paducah Bank
555 Jefferson Street
Paducah, KY 42001

RE: BIG BEAR WASTEWATER LOAN

Michael:

In order to establish a set of records for the Public Service Commission, Big Bear Wastewater (BBW) must pay on the value of the asset they have acquired. This asset is the treatment plant. The asset value is \$135,753.77. The amount of payment per month will be \$1265.40. This is based on the 20 year amortization schedule recommended by the PSC and at the same rate that Paducah Bank would loan us the money, 9.5%.

Once BBW has established this expense, then they can go back to the PSC and re-petition for a rate increase based on these expenses. In order to actually pay these expenses, BBW must get a line of credit that will cover these expenses until the rate has been adjusted. We are asking for a \$12,000 line of credit to do so. Could you please take care of this matter for us?

Thank you for your cooperation on this matter.

M. Janet Caldemeyer
Vice President

cc: Dan Key
Kay Nanni

COPY

Mortgage and Loan Analysis

Analysis

Amount financed	115,848.63
Annual interest (e.g., 8.25)	-9.500
Duration of loan (in years)	20
Start date of loan	September 1998
Monthly payments	1,079.86
Total number of payments	240
Yearly principal + interest	12,958.33
Principal amount	115,848.63
Finance charges	143,318.06
Total cost	259,166.69

To display each month's calculations,
extend the table below to row 257

PMT NO.	PAYMENT DATE	BEGINNING BALANCE	INTEREST	PRINCIPAL	BALANCE	ACCUMULATIVE INTEREST	ACCUMULATIVE PRINCIPAL
1	09/01/98	115,848.63	917.13	162.73	115,685.90	917.13	162.73
2	10/01/98	115,685.90	915.85	164.01	115,521.89	1,832.98	326.74
3	11/01/98	115,521.89	914.55	165.31	115,356.58	2,747.53	492.05
4	12/01/98	115,356.58	913.24	166.62	115,189.95	3,660.77	658.68
5	01/01/99	115,189.95	911.92	167.94	115,022.01	4,572.69	826.62
6	02/01/99	115,022.01	910.59	169.27	114,852.74	5,483.28	995.89
7	03/01/99	114,852.74	909.25	170.61	114,682.13	6,392.53	1,166.50
8	04/01/99	114,682.13	907.90	171.96	114,510.17	7,300.43	1,338.46
9	05/01/99	114,510.17	906.54	173.32	114,336.85	8,206.97	1,511.78
10	06/01/99	114,336.85	905.17	174.69	114,162.16	9,112.14	1,686.47
11	07/01/99	114,162.16	903.78	176.08	113,986.08	10,015.92	1,862.55
12	08/01/99	113,986.08	902.39	177.47	113,808.61	10,918.31	2,040.02
13	09/01/99	113,808.61	900.98	178.88	113,629.73	11,819.30	2,218.90
14	10/01/99	113,629.73	899.57	180.29	113,449.44	12,718.86	2,399.19
15	11/01/99	113,449.44	898.14	181.72	113,267.72	13,617.01	2,580.91
16	12/01/99	113,267.72	896.70	183.16	113,084.56	14,513.71	2,764.07
17	01/01/00	113,084.56	895.25	184.61	112,899.95	15,408.96	2,948.68
18	02/01/00	112,899.95	893.79	186.07	112,713.88	16,302.75	3,134.75
19	03/01/00	112,713.88	892.32	187.54	112,526.34	17,195.07	3,322.29
20	04/01/00	112,526.34	890.83	189.03	112,337.31	18,085.90	3,511.32
21	05/01/00	112,337.31	889.34	190.52	112,146.79	18,975.24	3,701.84
22	06/01/00	112,146.79	887.83	192.03	111,954.75	19,863.07	3,893.88
23	07/01/00	111,954.75	886.31	193.55	111,761.20	20,749.38	4,087.43
24	08/01/00	111,761.20	884.78	195.09	111,566.12	21,634.16	4,282.51
25	09/01/00	111,566.12	883.23	196.63	111,369.49	22,517.39	4,479.14
26	10/01/00	111,369.49	881.68	198.19	111,171.30	23,399.06	4,677.33
27	11/01/00	111,171.30	880.11	199.76	110,971.55	24,279.17	4,877.08
28	12/01/00	110,971.55	878.52	201.34	110,770.21	25,157.69	5,078.42
29	01/01/01	110,770.21	876.93	202.93	110,567.28	26,034.62	5,281.35
30	02/01/01	110,567.28	875.32	204.54	110,362.74	26,909.95	5,485.89
31	03/01/01	110,362.74	873.71	206.16	110,156.59	27,783.65	5,692.04
32	04/01/01	110,156.59	872.07	207.79	109,948.80	28,655.73	5,899.83
33	05/01/01	109,948.80	870.43	209.43	109,739.36	29,526.15	6,109.27
34	06/01/01	109,739.36	868.77	211.09	109,528.27	30,394.92	6,320.36
35	07/01/01	109,528.27	867.10	212.76	109,315.51	31,262.02	6,533.12
36	08/01/01	109,315.51	865.41	214.45	109,101.06	32,127.44	6,747.57
37	09/01/01	109,101.06	863.72	216.14	108,884.92	32,991.15	6,963.71
38	10/01/01	108,884.92	862.01	217.86	108,667.06	33,853.16	7,181.57
39	11/01/01	108,667.06	860.28	219.58	108,447.48	34,713.44	7,401.15
40	12/01/01	108,447.48	858.54	221.32	108,226.16	35,571.98	7,622.47
41	01/01/02	108,226.16	856.79	223.07	108,003.09	36,428.77	7,845.54
42	02/01/02	108,003.09	855.02	224.84	107,778.26	37,283.80	8,070.37
43	03/01/02	107,778.26	853.24	226.62	107,551.64	38,137.04	8,296.99
44	04/01/02	107,551.64	851.45	228.41	107,323.23	38,988.49	8,525.40

1677
1678

45	05/01/02	107,323.23	849.64	230.22	107,093.01	39,838.14	8,755.62
46	06/01/02	107,093.01	847.82	232.04	106,860.97	40,685.95	8,987.66
47	07/01/02	106,860.97	845.98	233.88	106,627.09	41,531.94	9,221.54
48	08/01/02	106,627.09	844.13	235.73	106,391.36	42,376.07	9,457.27
49	09/01/02	106,391.36	842.26	237.60	106,153.76	43,218.33	9,694.87
50	10/01/02	106,153.76	840.38	239.48	105,914.29	44,058.72	9,934.34
51	11/01/02	105,914.29	838.49	241.37	105,672.91	44,897.21	10,175.72
52	12/01/02	105,672.91	836.58	243.28	105,429.63	45,733.78	10,419.00
53	01/01/03	105,429.63	834.65	245.21	105,184.42	46,568.43	10,664.21
54	02/01/03	105,184.42	832.71	247.15	104,937.27	47,401.14	10,911.36
55	03/01/03	104,937.27	830.75	249.11	104,688.16	48,231.90	11,160.47
56	04/01/03	104,688.16	828.78	251.08	104,437.08	49,060.68	11,411.55
57	05/01/03	104,437.08	826.79	253.07	104,184.01	49,887.47	11,664.62
58	06/01/03	104,184.01	824.79	255.07	103,928.94	50,712.26	11,919.69
59	07/01/03	103,928.94	822.77	257.09	103,671.85	51,535.03	12,176.78
60	08/01/03	103,671.85	820.74	259.13	103,412.73	52,355.77	12,435.90
61	09/01/03	103,412.73	818.68	261.18	103,151.55	53,174.45	12,697.08
62	10/01/03	103,151.55	816.62	263.24	102,888.30	53,991.07	12,960.33
63	11/01/03	102,888.30	814.53	265.33	102,622.98	54,805.60	13,225.65
64	12/01/03	102,622.98	812.43	267.43	102,355.55	55,618.03	13,493.08
65	01/01/04	102,355.55	810.31	269.55	102,086.00	56,428.35	13,762.63
66	02/01/04	102,086.00	808.18	271.68	101,814.32	57,236.53	14,034.31
67	03/01/04	101,814.32	806.03	273.83	101,540.49	58,042.56	14,308.14
68	04/01/04	101,540.49	803.86	276.00	101,264.49	58,846.42	14,584.14
69	05/01/04	101,264.49	801.68	278.18	100,986.30	59,648.10	14,862.33
70	06/01/04	100,986.30	799.47	280.39	100,705.92	60,447.57	15,142.71
71	07/01/04	100,705.92	797.26	282.61	100,423.31	61,244.83	15,425.32
72	08/01/04	100,423.31	795.02	284.84	100,138.47	62,039.85	15,710.16
73	09/01/04	100,138.47	792.76	287.10	99,851.37	62,832.61	15,997.26
74	10/01/04	99,851.37	790.49	289.37	99,562.00	63,623.10	16,286.63
75	11/01/04	99,562.00	788.20	291.66	99,270.34	64,411.30	16,578.29
76	12/01/04	99,270.34	785.89	293.97	98,976.37	65,197.19	16,872.26
77	01/01/05	98,976.37	783.56	296.30	98,680.07	65,980.75	17,168.56
78	02/01/05	98,680.07	781.22	298.64	98,381.42	66,761.97	17,467.21
79	03/01/05	98,381.42	778.85	301.01	98,080.42	67,540.82	17,768.21
80	04/01/05	98,080.42	776.47	303.39	97,777.02	68,317.29	18,071.61
81	05/01/05	97,777.02	774.07	305.79	97,471.23	69,091.36	18,377.40
82	06/01/05	97,471.23	771.65	308.21	97,163.02	69,863.01	18,685.61
83	07/01/05	97,163.02	769.21	310.65	96,852.36	70,632.21	18,996.27
84	08/01/05	96,852.36	766.75	313.11	96,539.25	71,398.96	19,309.38
85	09/01/05	96,539.25	764.27	315.59	96,223.66	72,163.23	19,624.97
86	10/01/05	96,223.66	761.77	318.09	95,905.57	72,925.00	19,943.06
87	11/01/05	95,905.57	759.25	320.61	95,584.96	73,684.25	20,263.67
88	12/01/05	95,584.96	756.71	323.15	95,261.81	74,440.97	20,586.82
89	01/01/06	95,261.81	754.16	325.71	94,936.11	75,195.12	20,912.52
90	02/01/06	94,936.11	751.58	328.28	94,607.82	75,946.70	21,240.81
91	03/01/06	94,607.82	748.98	330.88	94,276.94	76,695.68	21,571.69
92	04/01/06	94,276.94	746.36	333.50	93,943.44	77,442.04	21,905.19
93	05/01/06	93,943.44	743.72	336.14	93,607.30	78,185.76	22,241.33
94	06/01/06	93,607.30	741.06	338.80	93,268.49	78,926.82	22,580.14
95	07/01/06	93,268.49	738.38	341.49	92,927.01	79,665.19	22,921.62
96	08/01/06	92,927.01	735.67	344.19	92,582.82	80,400.86	23,265.81
97	09/01/06	92,582.82	732.95	346.91	92,235.90	81,133.81	23,612.73
98	10/01/06	92,235.90	730.20	349.66	91,886.24	81,864.01	23,962.39
99	11/01/06	91,886.24	727.43	352.43	91,533.82	82,591.45	24,314.81
100	12/01/06	91,533.82	724.64	355.22	91,178.60	83,316.09	24,670.03
101	01/01/07	91,178.60	721.83	358.03	90,820.57	84,037.92	25,028.06
102	02/01/07	90,820.57	719.00	360.87	90,459.70	84,756.91	25,388.93
103	03/01/07	90,459.70	716.14	363.72	90,095.98	85,473.05	25,752.65
104	04/01/07	90,095.98	713.26	366.60	89,729.38	86,186.31	26,119.25
105	05/01/07	89,729.38	710.36	369.50	89,359.87	86,896.67	26,488.76
106	06/01/07	89,359.87	707.43	372.43	88,987.45	87,604.10	26,861.18
107	07/01/07	88,987.45	704.48	375.38	88,612.07	88,308.59	27,236.56

108	08/01/07	88,612.07	701.51	378.35	88,233.72	89,010.10	27,614.91
109	09/01/07	88,233.72	698.52	381.34	87,852.37	89,708.62	27,996.26
110	10/01/07	87,852.37	695.50	384.36	87,468.01	90,404.11	28,380.62
111	11/01/07	87,468.01	692.46	387.41	87,080.61	91,096.57	28,768.02
112	12/01/07	87,080.61	689.39	390.47	86,690.13	91,785.96	29,158.50
113	01/01/08	86,690.13	686.30	393.56	86,296.57	92,472.25	29,552.06
114	02/01/08	86,296.57	683.18	396.68	85,899.89	93,155.44	29,948.74
115	03/01/08	85,899.89	680.04	399.82	85,500.07	93,835.48	30,348.56
116	04/01/08	85,500.07	676.88	402.99	85,097.08	94,512.35	30,751.55
117	05/01/08	85,097.08	673.69	406.18	84,690.91	95,186.04	31,157.72
118	06/01/08	84,690.91	670.47	409.39	84,281.51	95,856.51	31,567.12
119	07/01/08	84,281.51	667.23	412.63	83,868.88	96,523.74	31,979.75
120	08/01/08	83,868.88	663.96	415.90	83,452.98	97,187.70	32,395.65
121	09/01/08	83,452.98	660.67	419.19	83,033.79	97,848.37	32,814.84
122	10/01/08	83,033.79	657.35	422.51	82,611.28	98,505.72	33,237.35
123	11/01/08	82,611.28	654.01	425.86	82,185.43	99,159.72	33,663.20
124	12/01/08	82,185.43	650.63	429.23	81,756.20	99,810.36	34,092.43
125	01/01/09	81,756.20	647.24	432.62	81,323.57	100,457.60	34,525.06
126	02/01/09	81,323.57	643.81	436.05	80,887.52	101,101.41	34,961.11
127	03/01/09	80,887.52	640.36	439.50	80,448.02	101,741.77	35,400.61
128	04/01/09	80,448.02	636.88	442.98	80,005.04	102,378.65	35,843.59
129	05/01/09	80,005.04	633.37	446.49	79,558.55	103,012.02	36,290.08
130	06/01/09	79,558.55	629.84	450.02	79,108.53	103,641.86	36,740.10
131	07/01/09	79,108.53	626.28	453.59	78,654.95	104,268.13	37,193.68
132	08/01/09	78,654.95	622.68	457.18	78,197.77	104,890.82	37,650.86
133	09/01/09	78,197.77	619.07	460.80	77,736.97	105,509.88	38,111.66
134	10/01/09	77,736.97	615.42	464.44	77,272.53	106,125.30	38,576.10
135	11/01/09	77,272.53	611.74	468.12	76,804.41	106,737.04	39,044.22
136	12/01/09	76,804.41	608.03	471.83	76,332.58	107,345.08	39,516.05
137	01/01/10	76,332.58	604.30	475.56	75,857.02	107,949.38	39,991.61
138	02/01/10	75,857.02	600.53	479.33	75,377.70	108,549.91	40,470.93
139	03/01/10	75,377.70	596.74	483.12	74,894.57	109,146.65	40,954.06
140	04/01/10	74,894.57	592.92	486.95	74,407.63	109,739.57	41,441.00
141	05/01/10	74,407.63	589.06	490.80	73,916.83	110,328.63	41,931.80
142	06/01/10	73,916.83	585.17	494.69	73,422.14	110,913.80	42,426.49
143	07/01/10	73,422.14	581.26	498.60	72,923.54	111,495.06	42,925.09
144	08/01/10	72,923.54	577.31	502.55	72,420.99	112,072.37	43,427.64
145	09/01/10	72,420.99	573.33	506.53	71,914.46	112,645.71	43,934.17
146	10/01/10	71,914.46	569.32	510.54	71,403.92	113,215.03	44,444.71
147	11/01/10	71,403.92	565.28	514.58	70,889.34	113,780.31	44,959.29
148	12/01/10	70,889.34	561.21	518.65	70,370.69	114,341.52	45,477.94
149	01/01/11	70,370.69	557.10	522.76	69,847.93	114,898.62	46,000.70
150	02/01/11	69,847.93	552.96	526.90	69,321.03	115,451.58	46,527.60
151	03/01/11	69,321.03	548.79	531.07	68,789.96	116,000.37	47,058.67
152	04/01/11	68,789.96	544.59	535.27	68,254.69	116,544.96	47,593.94
153	05/01/11	68,254.69	540.35	539.51	67,715.17	117,085.31	48,133.46
154	06/01/11	67,715.17	536.08	543.78	67,171.39	117,621.39	48,677.24
155	07/01/11	67,171.39	531.77	548.09	66,623.30	118,153.16	49,225.33
156	08/01/11	66,623.30	527.43	552.43	66,070.88	118,680.60	49,777.75
157	09/01/11	66,070.88	523.06	556.80	65,514.08	119,203.66	50,334.55
158	10/01/11	65,514.08	518.65	561.21	64,952.87	119,722.31	50,895.76
159	11/01/11	64,952.87	514.21	565.65	64,387.22	120,236.52	51,461.41
160	12/01/11	64,387.22	509.73	570.13	63,817.09	120,746.25	52,031.54
161	01/01/12	63,817.09	505.22	574.64	63,242.45	121,251.47	52,606.18
162	02/01/12	63,242.45	500.67	579.19	62,663.25	121,752.14	53,185.38
163	03/01/12	62,663.25	496.08	583.78	62,079.48	122,248.23	53,769.15
164	04/01/12	62,079.48	491.46	588.40	61,491.08	122,739.69	54,357.55
165	05/01/12	61,491.08	486.80	593.06	60,898.02	123,226.49	54,950.61
166	06/01/12	60,898.02	482.11	597.75	60,300.27	123,708.60	55,548.36
167	07/01/12	60,300.27	477.38	602.48	59,697.79	124,185.98	56,150.84
168	08/01/12	59,697.79	472.61	607.25	59,090.53	124,658.59	56,758.10
169	09/01/12	59,090.53	467.80	612.06	58,478.47	125,126.39	57,370.16
170	10/01/12	58,478.47	462.95	616.91	57,861.56	125,589.34	57,987.07

171	11/01/12	57,861.56	458.07	621.79	57,239.77	126,047.41	58,608.86
172	12/01/12	57,239.77	453.15	626.71	56,613.06	126,500.56	59,235.57
173	01/01/13	56,613.06	448.19	631.67	55,981.39	126,948.75	59,867.24
174	02/01/13	55,981.39	443.19	636.68	55,344.71	127,391.93	60,503.92
175	03/01/13	55,344.71	438.15	641.72	54,703.00	127,830.08	61,145.63
176	04/01/13	54,703.00	433.07	646.80	54,056.20	128,263.14	61,792.43
177	05/01/13	54,056.20	427.94	651.92	53,404.28	128,691.09	62,444.35
178	06/01/13	53,404.28	422.78	657.08	52,747.21	129,113.87	63,101.42
179	07/01/13	52,747.21	417.58	662.28	52,084.93	129,531.45	63,763.70
180	08/01/13	52,084.93	412.34	667.52	51,417.41	129,943.79	64,431.22
181	09/01/13	51,417.41	407.05	672.81	50,744.60	130,350.85	65,104.03
182	10/01/13	50,744.60	401.73	678.13	50,066.47	130,752.58	65,782.16
183	11/01/13	50,066.47	396.36	683.50	49,382.96	131,148.94	66,465.67
184	12/01/13	49,382.96	390.95	688.91	48,694.05	131,539.88	67,154.58
185	01/01/14	48,694.05	385.49	694.37	47,999.68	131,925.38	67,848.95
186	02/01/14	47,999.68	380.00	699.86	47,299.82	132,305.38	68,548.81
187	03/01/14	47,299.82	374.46	705.40	46,594.42	132,679.83	69,254.21
188	04/01/14	46,594.42	368.87	710.99	45,883.43	133,048.71	69,965.20
189	05/01/14	45,883.43	363.24	716.62	45,166.81	133,411.95	70,681.82
190	06/01/14	45,166.81	357.57	722.29	44,444.52	133,769.52	71,404.11
191	07/01/14	44,444.52	351.85	728.01	43,716.51	134,121.37	72,132.12
192	08/01/14	43,716.51	346.09	733.77	42,982.74	134,467.46	72,865.89
193	09/01/14	42,982.74	340.28	739.58	42,243.16	134,807.74	73,605.47
194	10/01/14	42,243.16	334.42	745.44	41,497.72	135,142.17	74,350.91
195	11/01/14	41,497.72	328.52	751.34	40,746.38	135,470.69	75,102.25
196	12/01/14	40,746.38	322.58	757.29	39,989.10	135,793.27	75,859.53
197	01/01/15	39,989.10	316.58	763.28	39,225.82	136,109.85	76,622.81
198	02/01/15	39,225.82	310.54	769.32	38,456.49	136,420.38	77,392.14
199	03/01/15	38,456.49	304.45	775.41	37,681.08	136,724.83	78,167.55
200	04/01/15	37,681.08	298.31	781.55	36,899.53	137,023.14	78,949.10
201	05/01/15	36,899.53	292.12	787.74	36,111.79	137,315.26	79,736.84
202	06/01/15	36,111.79	285.88	793.98	35,317.81	137,601.15	80,530.82
203	07/01/15	35,317.81	279.60	800.26	34,517.55	137,880.74	81,331.08
204	08/01/15	34,517.55	273.26	806.60	33,710.95	138,154.01	82,137.68
205	09/01/15	33,710.95	266.88	812.98	32,897.97	138,420.89	82,950.66
206	10/01/15	32,897.97	260.44	819.42	32,078.55	138,681.33	83,770.08
207	11/01/15	32,078.55	253.96	825.91	31,252.64	138,935.28	84,595.99
208	12/01/15	31,252.64	247.42	832.44	30,420.20	139,182.70	85,428.43
209	01/01/16	30,420.20	240.83	839.03	29,581.16	139,423.53	86,267.47
210	02/01/16	29,581.16	234.18	845.68	28,735.49	139,657.71	87,113.14
211	03/01/16	28,735.49	227.49	852.37	27,883.12	139,885.20	87,965.51
212	04/01/16	27,883.12	220.74	859.12	27,024.00	140,105.94	88,824.63
213	05/01/16	27,024.00	213.94	865.92	26,158.07	140,319.88	89,690.56
214	06/01/16	26,158.07	207.08	872.78	25,285.30	140,526.97	90,563.33
215	07/01/16	25,285.30	200.18	879.69	24,405.61	140,727.14	91,443.02
216	08/01/16	24,405.61	193.21	886.65	23,518.96	140,920.35	92,329.67
217	09/01/16	23,518.96	186.19	893.67	22,625.29	141,106.55	93,223.34
218	10/01/16	22,625.29	179.12	900.74	21,724.55	141,285.66	94,124.08
219	11/01/16	21,724.55	171.99	907.88	20,816.67	141,457.65	95,031.96
220	12/01/16	20,816.67	164.80	915.06	19,901.61	141,622.45	95,947.02
221	01/01/17	19,901.61	157.55	922.31	18,979.30	141,780.00	96,869.33
222	02/01/17	18,979.30	150.25	929.61	18,049.70	141,930.25	97,798.93
223	03/01/17	18,049.70	142.89	936.97	17,112.73	142,073.15	98,735.90
224	04/01/17	17,112.73	135.48	944.39	16,168.34	142,208.62	99,680.29
225	05/01/17	16,168.34	128.00	951.86	15,216.48	142,336.62	100,632.15
226	06/01/17	15,216.48	120.46	959.40	14,257.08	142,457.09	101,591.55
227	07/01/17	14,257.08	112.87	966.99	13,290.09	142,569.95	102,558.54
228	08/01/17	13,290.09	105.21	974.65	12,315.44	142,675.17	103,533.19
229	09/01/17	12,315.44	97.50	982.36	11,333.08	142,772.67	104,515.55
230	10/01/17	11,333.08	89.72	990.14	10,342.94	142,862.39	105,505.69
231	11/01/17	10,342.94	81.88	997.98	9,344.96	142,944.27	106,503.67
232	12/01/17	9,344.96	73.98	1,005.88	8,339.08	143,018.25	107,509.55
233	01/01/18	8,339.08	66.02	1,013.84	7,325.23	143,084.27	108,523.40

234	02/01/18	7,325.23	57.99	1,021.87	6,303.36	143,142.26	109,545.27
235	03/01/18	6,303.36	49.90	1,029.96	5,273.40	143,192.16	110,575.23
236	04/01/18	5,273.40	41.75	1,038.11	4,235.29	143,233.91	111,613.34
237	05/01/18	4,235.29	33.53	1,046.33	3,188.96	143,267.44	112,659.67
238	06/01/18	3,188.96	25.25	1,054.62	2,134.34	143,292.68	113,714.29
239	07/01/18	2,134.34	16.90	1,062.96	1,071.38	143,309.58	114,777.25
240	08/01/18	1,071.38	8.48	1,071.38	(0.00)	143,318.06	115,848.63
241	09/01/18	(0.00)	(0.00)	0.00		143,318.06	



Big Bear 2007 Depreciation Schedule

Asset	In-Service	Basis	Life (yrs.)	2007 Exp.
Sewer Plant*	9/21/98	\$143,464.79	23	NA
Firesafe	1/26/98	\$392.19	7	0
Blower Motor	2/17/98	\$815.00	7	0
Building*	9/21/98	\$6,000.00	3	0
Equipment	9/21/98	\$1,929.00	7	0
Dechlorinator	11/18/05	\$2,439.06	5	\$487.80
Ground Improv.	9/21/98	\$4,265.12	7	0
Grinder/Pump	7/01/07	\$2,681.76	7	\$383.11
				\$870.91

*Pursuant to the PSC's decision in Case No. 1999-114, no depreciation was claimed on this plant for ratemaking purposes.

U.S. Corporation Income Tax Return

For calendar year 2008 or tax year

OMB No. 1545-0123

2008

beginning _____, ending _____

A Check if: 1a Consolidated return (attach Form 851) <input type="checkbox"/> b Life/nonlife consolidated return <input type="checkbox"/> 2 Personal holding co. (attach Sch. PH) <input type="checkbox"/> 3 Personal service corp. (see instructions) <input type="checkbox"/> 4 Schedule M-3 attached <input type="checkbox"/>	Use IRS label. Otherwise, print or type.	Name BIG BEAR WASTEWATER, INC. Number, street, and room or suite no. If a P.O. box, see instructions. 3499 BIG BEAR HIGHWAY City or town, state, and ZIP code BENTON, KY 42025	B Employer identification number [REDACTED] C Date incorporated 01/01/1996 D Total assets (see instructions) \$ 35,923.
--	--	--	---

E Check if: (1) Initial return (2) Final return (3) Name change (4) Address change

	1 a Gross receipts or sales	33,498.	b Less returns and allowances			c Bal	33,498.
Income	2	Cost of goods sold (Schedule A, line 8)					
	3	Gross profit. Subtract line 2 from line 1c					33,498.
	4	Dividends (Schedule C, line 19)					
	5	Interest					
	6	Gross rents					
	7	Gross royalties					
	8	Capital gain net income (attach Schedule D (Form 1120))					
	9	Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)					
	10	Other income (attach schedule)	SEE STATEMENT 1				678.
	11	Total income. Add lines 3 through 10					34,176.

Deductions (See instructions for limitations on deductions.)	12	Compensation of officers (Schedule E, line 4)					
	13	Salaries and wages (less employment credits)					
	14	Repairs and maintenance					7,363.
	15	Bad debts					
	16	Rents					1,200.
	17	Taxes and licenses	SEE STATEMENT 2				1,982.
	18	Interest					
	19	Charitable contributions					
	20	Depreciation from Form 4562 not claimed on Schedule A or elsewhere on return (attach Form 4562)					8,355.
	21	Depletion					
	22	Advertising					
	23	Pension, profit-sharing, etc., plans					
	24	Employee benefit programs					
	25	Domestic production activities deduction (attach Form 8903)					
26	Other deductions (attach schedule)	SEE STATEMENT 3				22,153.	
27	Total deductions. Add lines 12 through 26					41,053.	
28	Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11					<6,877.>	
29	Less: a Net operating loss deduction	STATEMENT 4	29a			0.	
	b Special deductions (Schedule C, line 20)		29b				

Tax, Refundable Credits, and Payments	30	Taxable income. Subtract line 29c from line 28 (see instructions)					<6,877.>
	31	Total tax (Schedule J, line 10)					0.
	32a	2007 overpayment credited to 2008	32a				
	b	2008 estimated tax payments	32b				
	c	2008 refund applied for on Form 4466	32c				
	d	Bal	32d				
	e	Tax deposited with Form 7004	32e				
	f	Credits: (1) Form 2439 (2) Form 4136	32f				
	g	Refundable credits from Form 3800, line 19c, and Form 8827, line 8c	32g				
	32h						
33	Estimated tax penalty (see instructions). Check if Form 2220 is attached						
34	Amount owed. If line 32h is smaller than the total of lines 31 and 33, enter amount owed					0.	
35	Overpayment. If line 32h is larger than the total of lines 31 and 33, enter amount overpaid						
36	Enter amount from line 35 you want: Credited to 2009 estimated tax						
	Refunded						

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer _____ Date _____ Title _____

May the IRS discuss this return with the preparer shown below?
 Yes No

Paid Preparer's Use Only

Preparer's signature: *[Signature]* Date: 2/19/09

Check if self-employed

Preparer's SSN or PTIN: [REDACTED]

Firm's name (or yours if self-employed), address, and ZIP code: **BLTYHE, WHITE & ASSOCIATES, PLLC**
2660 WEST PARK DRIVE
PADUCAH, KY 42001

EIN: **20-3450056**
 Phone no.: **(270) 415-9945**

Schedule A Cost of Goods Sold (see instructions)

1	Inventory at beginning of year	1	
2	Purchases	2	
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	
6	Total. Add lines 1 through 5	6	
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	

9 a Check all methods used for valuing closing inventory:

(i) Cost

(ii) Lower of cost or market

(iii) Other (Specify method used and attach explanation.)

b Check if there was a writedown of subnormal goods

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? Yes No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? Yes No
If "Yes," attach explanation

Schedule C Dividends and Special Deductions (see instructions)

	(a) Dividends received	(b) %	(c) Special deductions (a) x (b)
1 Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)		70	
2 Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)		80 <small>see instructions</small>	
3 Dividends on debt-financed stock of domestic and foreign corporations		42	
4 Dividends on certain preferred stock of less-than-20%-owned public utilities		48	
5 Dividends on certain preferred stock of 20%-or-more-owned public utilities		70	
6 Dividends from less-than-20%-owned foreign corporations and certain FSCs		80	
7 Dividends from 20%-or-more-owned foreign corporations and certain FSCs		100	
8 Dividends from wholly owned foreign subsidiaries			
9 Total. Add lines 1 through 8			
10 Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958		100	
11 Dividends from affiliated group members		100	
12 Dividends from certain FSCs		100	
13 Dividends from foreign corporations not included on lines 3, 6, 7, 8, 11, or 12			
14 Income from controlled foreign corporations under subpart F (attach Form(s) 5471)			
15 Foreign dividend gross-up			
16 IC -DISC and former DISC dividends not included on lines 1, 2, or 3			
17 Other dividends			
18 Deduction for dividends paid on certain preferred stock of public utilities			
19 Total dividends. Add lines 1 through 17. Enter here and on page 1, line 4			
20 Total special deductions. Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b			

Schedule E Compensation of Officers (see instructions for page 1, line 12)

Note: Complete Schedule E only if total receipts (line 1a plus lines 4 through 10 on page 1) are \$500,000 or more.

(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	Percent of corporation stock owned		(f) Amount of compensation
			(d) Common	(e) Preferred	
1					
2 Total compensation of officers					
3 Compensation of officers claimed on Schedule A and elsewhere on return					
4 Subtract line 3 from line 2. Enter the result here and on page 1, line 12					

Schedule J Tax Computation (see instructions)

1	Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120))	<input type="checkbox"/>	
2	Income tax. Check if a qualified personal service corporation (see instructions)	<input type="checkbox"/>	0.
3	Alternative minimum tax (attach Form 4626)		
4	Add lines 2 and 3		0.
5a	Foreign tax credit (attach Form 1118)	5a	
5b	Credit from Form 8834	5b	
5c	General business credit (attach Form 3800)	5c	
5d	Credit for prior year minimum tax (attach Form 8827)	5d	
5e	Bond credits from Form 8912	5e	
6	Total credits. Add lines 5a through 5e	6	
7	Subtract line 6 from line 4	7	0.
8	Personal holding company tax (attach Schedule PH (Form 1120))	8	
9	Other taxes. Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611 <input type="checkbox"/> Form 8697 <input type="checkbox"/> Form 8866 <input type="checkbox"/> Form 8902 <input type="checkbox"/> Other (attach schedule)	9	
10	Total tax. Add lines 7 through 9. Enter here and on page 1, line 31	10	0.

Schedule K Other Information (see instructions)

1	Check accounting method: a <input type="checkbox"/> Cash b <input checked="" type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) _____	Yes	No
2	See the instructions and enter the:		
a	Business activity code no. 221300		
b	Business activity TREATMENT PLANT		
c	Product or service WASTEWATER		
3	Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? If "Yes," enter name and EIN of the parent corporation BIG BEAR RESORTS, INC. 61-0736863	X	
4	At the end of the tax year: a Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), or trust own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (v).	X	

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity	(iv) Country of Organization	(v) Percentage Owned in Voting Stock
BIG BEAR RESORTS, INC.	61-0736863	CORPORATION	UNITED STATES	100.00%

b	Did any individual or estate own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv).		X
---	---	--	---

(i) Name of Individual or Estate	(ii) Identifying Number (if any)	(iii) Country of Citizenship (see instructions)	(iv) Percentage Owned in Voting Stock

Schedule K | Continued

5 At the end of the tax year, did the corporation:
a Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation not included on Form 851, Affiliations Schedule? For rules of constructive ownership, see instructions
 If "Yes," complete (i) through (iv).

Yes	No
	X

(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage Owned in Voting Stock

b Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions
 If "Yes," complete (i) through (iv).

Yes	No
	X

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Country of Organization	(iv) Maximum Percentage Owned in Profit, Loss, or Capital

6 During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.)
 If "Yes," file Form 5452, Corporate Report of Nondividend Distributions.
 If this is a consolidated return, answer here for the parent corporation and on Form 851 for each subsidiary.

Yes	No
	X

7 At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of (a) the total voting power of all classes of the corporation's stock entitled to vote or (b) the total value of all classes of the corporation's stock?
 For rules of attribution, see section 318. If "Yes," enter:
 (i) Percentage owned _____ and (ii) Owner's country _____
 (c) The corporation may have to file Form 5472, Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter the number of Forms 5472 attached _____

Yes	No
	X

8 Check this box if the corporation issued publicly offered debt instruments with original issue discount
 If checked, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments.

<input type="checkbox"/>

9 Enter the amount of tax-exempt interest received or accrued during the tax year \$ _____

10 Enter the number of shareholders at the end of the tax year (if 100 or fewer) 0

11 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here
 If the corporation is filing a consolidated return, the statement required by Regulations section 1.1502-21(b)(3) must be attached or the election will not be valid.

<input type="checkbox"/>

12 Enter the available NOL carryover from prior tax years (do not reduce it by any deduction on line 29a.) \$ 72,564.

13 Are the corporation's total receipts (line 1a plus lines 4 through 10 on page 1) for the tax year and its total assets at the end of the tax year less than \$250,000?
 If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2 on page 5. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year. \$ 0.

Yes	No
X	

Schedule L Balance Sheets per Books	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
Assets				
1 Cash		87.		729.
2a Trade notes and accounts receivable			796.	
b Less allowance for bad debts	()		()	796.
3 Inventories				
4 U.S. government obligations				
5 Tax-exempt securities				
6 Other current assets (att. sch.)				
7 Loans to shareholders				
8 Mortgage and real estate loans				
9 Other investments (att. sch.)				
10a Buildings and other depreciable assets	161,987.		163,838.	
b Less accumulated depreciation	(121,086)	40,901.	(129,440)	34,398.
11a Depletable assets				
b Less accumulated depletion	()		()	
12 Land (net of any amortization)				
13a Intangible assets (amortizable only)				
b Less accumulated amortization	()		()	
14 Other assets (att. sch.)				
15 Total assets		40,988.		35,923.
Liabilities and Shareholders' Equity				
16 Accounts payable		24.		1,851.
17 Mortgages, notes, bonds payable in less than 1 year				
18 Other current liabilities (att. sch.) STMT 5		31,108.		41,250.
19 Loans from shareholders				
20 Mortgages, notes, bonds payable in 1 year or more		112,694.		112,694.
21 Other liabilities (att. sch.)				
22 Capital stock: a Preferred stock				
b Common stock				
23 Additional paid-in capital				
24 Retained earnings - Appropriated (attach schedule)				
25 Retained earnings - Unappropriated		<102,838.>		<119,872.>
26 Adjustments to shareholders' equity (attach schedule)				
27 Less cost of treasury stock		()		()
28 Total liabilities and shareholders' equity		40,988.		35,923.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return
 Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more - see instructions

1 Net income (loss) per books	<17,034.>	7	Income recorded on books this year not included on this return (itemize):	
2 Federal income tax per books			Tax-exempt interest \$	
3 Excess of capital losses over capital gains				
4 Income subject to tax not recorded on books this year (itemize):				
5 Expenses recorded on books this year not deducted on this return (itemize):			8 Deductions on this return not charged against book income this year (itemize):	
a Depreciation \$			a Depreciation \$	
b Charitable contributions \$			b Charitable contributions \$	
c Travel and entertainment \$				
STMT 6 10,157.	10,157.	9	Add lines 7 and 8	
6 Add lines 1 through 5	<6,877.>	10	Income (page 1, line 28) - line 6 less line 9	<6,877.>

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)

1 Balance at beginning of year	<102,838.>	5	Distributions: a Cash	
2 Net income (loss) per books	<17,034.>		b Stock	
3 Other increases (itemize):			c Property	
		6	Other decreases (itemize):	
4 Add lines 1, 2, and 3	<119,872.>	7	Add lines 5 and 6	
		8	Balance at end of year (line 4 less line 7)	<119,872.>

Depreciation and Amortization
 (Including Information on Listed Property) OTHER

KY

OMB No. 1545-0172

2008

Attachment
 Sequence No. 67

▶ See separate instructions. ▶ Attach to your tax return.

Name(s) shown on return

Business or activity to which this form relates

Identifying number

BIG BEAR WASTEWATER, INC.

OTHER DEPRECIATION

Part I Election To Expense Certain Property Under Section 179 Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See the instructions for a higher limit for certain businesses	1	25,000.
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation	3	200,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2007 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2009. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)

14	Special depreciation for qualified property (other than listed property) placed in service during the tax year	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	154.

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2008	17	7,242.
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here		<input type="checkbox"/>

Section B - Assets Placed in Service During 2008 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property		1,851.	7 YRS	MO	200DB	66.
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property	/		27.5 yrs.	MM	S/L	
i Nonresidential real property	/		39 yrs.	MM	S/L	
	/			MM	S/L	

Section C - Assets Placed in Service During 2008 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year	/		40 yrs.	MM	S/L	

Part IV Summary (See instructions.)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instr.	22	7,462.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A - Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? Yes No 24b If "Yes," is the evidence written? Yes No

Table with columns (a) Type of property, (b) Date placed in service, (c) Business/investment use percentage, (d) Cost or other basis, (e) Basis for depreciation, (f) Recovery period, (g) Method/Convention, (h) Depreciation deduction, (i) Elected section 179 cost. Includes rows 25-29.

Section B - Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

Table with columns (a) through (f) Vehicle. Rows 30-36 detailing business/investment miles, commuting miles, and personal use availability.

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons.

Table with rows 37-41 regarding written policies, personal use, and demonstration use. Includes Yes/No columns.

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

Part VI Amortization

Table with columns (a) Description of costs, (b) Date amortization begins, (c) Amortizable amount, (d) Code section, (e) Amortization period or percentage, (f) Amortization for this year. Includes rows 42-44.



FORM 720 STATE TAXES BASED ON INCOME STATEMENT 1

DESCRIPTION	AMOUNT
KENTUCKY TAXES - BASED ON INCOME	175.
TOTAL TO FORM 720, PART II, LINE 3	175.

FORM 720 NET OPERATING LOSS DEDUCTION STATEMENT 2

TAX YEAR	LOSS SUSTAINED	LOSS PREVIOUSLY APPLIED	LOSS REMAINING
12/31/96	90.		90.
12/31/97	111.		111.
12/31/98	13,592.		13,592.
12/31/99	5,869.		5,869.
12/31/00	7,149.		7,149.
12/31/02	8,944.		8,944.
12/31/03	8,325.		8,325.
12/31/04	6,181.		6,181.
12/31/05	7,168.		7,168.
12/31/06	3,877.		3,877.
12/31/07	4,918.		4,918.
TOTAL TO FORM 720, PAGE 1			66,224.

BIG BEAR WASTEWATER, INC.

61-1298662

SCHEDULE Q OFFICER INFORMATION STATEMENT 3

NAME AND ADDRESS AND TITLE SOCIAL SECURITY NUMBER

JANET CALDEMEYER
9 BIG BEAR HWY
TON KY 42025
PRESIDENT

[REDACTED]

SCHEDULE Q ANOTHER ENTITY OWNED 80% OR MORE STATEMENT 4
QUESTION 9

NAME AND ADDRESS FED I.D. NUMBER KENTUCKY ACCOUNT #

BEAR RESORTS, INC.
TON, KY 42025

[REDACTED]

SCHEDULE NOL

41A720NOL (10-08)



Taxable Year Ending

1 2 0 8

Mo. / Yr.

If irrevocable election is made to carry NOL carryforward as an apportioned NOL, check here.
Mandatory Nexus Only

Commonwealth of Kentucky
DEPARTMENT OF REVENUE

NET OPERATING LOSS SCHEDULE

KRS 141.011, KRS 141.200(11); Regulation 103 KAR 16:250

▶ Attach to Form 720.

Name of Corporation

BIG BEAR WASTEWATER, INC.

Kentucky Corporation/LLET Account Number

PART I - MANDATORY NEXUS CONSOLIDATION - If using prior year NOL carryforward, complete and attach Schedule NOL-CF

Section A - Current Net Operating Loss Adjustment		Includible Corporations		
		A	B	C
Name	Kentucky Corporation/LLET Account Number	Kentucky Net Income	Kentucky Net Losses (Enter as a Positive)	Total Losses (Enter as a Positive)
1. Common Parent				
2. Subsidiaries				
a				
b				
c				
d				
e				
f				
g				
h				
i				
j				
k				
l				
m				
n				
o				
p				
q				
3. Totals (add Columns A and B)	3			
4. Limitation-Income (Line 3, Column A multiplied by 50%)	4			
5. Prior year NOL carryforward			5	
6. Total (add Line 5, Column C and Line 3, Column B)			6	
Complete Line 7 only if Line 3, Column B is greater than Line 4, Column A.				
7. Disallowed loss. Line 3, Column B less than Line 4, Column A. Enter here and on Form 720, Part II, line 17 (see instructions)	7			
Complete Line 8 only if Line 4, Column A is greater than Line 3, Column B.				
8. Additional NOLD. Enter as a negative amount on Form 720, Part II, line 17 (see instructions)	8			

Section B - Current Year Loss Disallowed and NOL Carryforward

1. Current year loss disallowed (see instructions)	1	
2. Prior year(s) NOL carryforward(s) from Part I, Section A, Line 5	2	
3. Prior year(s) NOL carryforward used this year (see instructions)	3	
4. Total NOL carryforward to 2009 (Line 1 plus Line 2 minus Line 3)	4	

PART II - SEPARATE ENTITY AND ELECTIVE CONSOLIDATED FILERS - Must complete and attach Schedule NOL-CF

Section A - NOL Carryforward

1. Enter carryforward from prior year(s)	1	66,224.
2. If current year NOL, enter as a positive amount (see instructions)	2	5,809.
3. Enter the NOLD from Form 720, Part II, Line 20	3	0.
4. Enter total NOL carryforward to 2009 (Line 1 plus Line 2 less Line 3)	4	72,033.

MARSHALL COUNTY OCCUPATIONAL LICENSE TAX for SCHOOLS
 Imposed by the Marshall County, Kentucky Fiscal Court effective September 1, 1968

2008

ANNUAL RETURN

Form
 MOLT-2

For the year Jan.-Dec. 31, 2008 or other taxable year beginning 1/1/08 2008 and ending 6/30/08

Your Social Security No. or Employer ID No. [REDACTED] Your Occupation _____

Spouse's Social Security No. if joint return _____ Spouse's Occupation _____

Make check or money order payable to **MARSHALL COUNTY FINANCE OFFICE** and mail to **86 High School Road, Benton, Kentucky 42025. DUE DATE: April 15, 2009, or three and one-half months following Fiscal Year End.**

SCHEDULE 1 - List all 2008 employers and show amount of Marshall County Occupational Tax for Schools withheld. Attach Forms W-2 if available.

EMPLOYERS (Both in and out of County)	School Tax W/H
_____	\$ _____
_____	_____
_____	_____
_____	_____
_____	_____
Total and enter on Line 11	\$ _____

Name & Address
 Change If correct

Big Bear Wastewater, Inc.
M. Janet Caldemeyer
3499 Big Bear Hwy.
Benton, KY 42025

Individual, Partnership, or Corporation Complete Only Applicable Portion of Form

1. Income per Federal Income Tax Return - Check and insert as appropriate (See Instruction No. 1)	
a () Total income from Line 22. Individual Form 1040; () Line 15 Form 1040A; or () Line 4 Form 1040EZ	1a
Add Back: Net operating loss carry over	
Add Back: Tax deferred or pre-tax items not included in Line 1a	
b () Ordinary Income from Line 22, Partnership Form 1065	1b
c () Taxable income from Line 21, Form 1120-S; (X) or Line 28, Form 1120	1c <u><3,439></u>
2. Enter State and Local taxes based on income (Corporations & Partnerships only) (See Instruction No. 2)	2 <u>88</u>
3. Partnerships enter partners' compensation from Form 1065 (See Instruction No. 3)	3
4. Add Lines 1, 2 and 3	4 <u><3,351></u>
5. Individuals enter below, net unearned income or (loss) applicable to Line 1a (See Instruction No. 4)	
Interest \$ _____; Rent (From Sched. E) \$ _____; Other: _____	
Dividends \$ _____; Tax Refunds \$ _____; _____ \$ _____ Enter	
Capital Gains \$ _____; Other: _____ \$ _____; _____ \$ _____ Total	5
6. Corporations & partnerships enter unearned income or (loss) Attach Schedule (See Instruction No. 4)	6 <u>0</u>
7. Subtract Line 5, or Line 6 from Line 4 (add back loss) - Total Earned Income	7 <u><3,351></u>
8. Enter below, income or (loss) from activity conducted outside Marshall County (See Instruction No. 5)	
a Salaries, wages, commissions and other compensations earned for work or services outside the county (or in the county while a non-resident). \$ _____ Enter	8
b Net income or (loss) from activity conducted outside the county. \$ _____ Total	9 <u><3,351></u>
9. Subtract Line 8 from Line 7 (add back loss) - Taxable Income	10 <u>0</u>
10. Tax (Multiply Line 9 by .005, i.e. 1/2 of 1%)	11
1. Enter Marshall County Occupational Tax For Schools withheld from Schedule 1 above, or estimate paid.	12 <u>0</u>
2. Tax Due (Subtract Line 11 from Line 10) Check if OVERPAYMENT - REFUND DUE ()*	13
3. Penalty on tax past due (1% of Line 12 per month or fraction of month past due, maximum 25%).	14
4. Interest on tax past due (6% per annum of Line 12 from due date until paid)	15
5. Penalty for failure to file return by due date: Add \$10.00 (Per KRS 160.648).	16 <u>0</u>
3. Total Tax, Penalties and Interest Due (Add Lines 12, 13, 14 and 15)	

SCHEDULE 2 - Enter net income or (loss) from schedules which were attached to your Federal Income Tax Return.

\$ _____; E (Part I) \$ _____; Other: _____ Other: _____ Other: _____

\$ _____; E (Part II) \$ _____; Form 4797 \$ _____; _____ \$ _____; _____ \$ _____

\$ _____; E (Part III) \$ _____; _____ \$ _____; _____ \$ _____; _____ \$ _____

Note: Refund of overpayment cannot be made unless this schedule is properly completed.

I hereby certify that the statements made herein and in any supporting schedules are true, correct and complete to the best of my knowledge.

Signature: _____ / Spouse's Signature: _____ / Title: _____ / Date: _____

Preparer's Signature: _____ / Preparer's Address: 2660 W. Park Dr., Paducah KY 42001 / Date: _____

the year ended December 31, 2008 or other taxable year beginning 7/1/08 and ending 12/31/08

Section A - See Marshall County Occupational License Tax for Schools Net Profit Instructions located at www.marshall.k12.ky.us

Business phone 800-922-2327 2) Principal business activity Wastewater Treatment

Principal Owner / Administrative Officer M. Janet Caldemeyer

Social security number or Employer Identification Number [REDACTED]

Name and address (change if incorrect on label)

Big Bear Wastewater, Inc.
M. Janet Caldemeyer
3499 Big Bear Hwy.
Benton, KY 42025

If business activity began within the county during the year, enter date _____

If business activity was discontinued within the county during the year, enter date _____

Did you have employees in Marshall County during the year? Yes _____ No X

Type of organization: Corporation X S-Corporation _____ Partnership _____
LLC _____ Individual _____ Other _____

Section B

1	Adjusted net business income (from Worksheet 1, Line 20 - see reverse)	<u><3,351></u>
2	Average allocation percentage (from Worksheet 1, Line 24, see reverse)	<u>100%</u>
3	Net profits subject to license tax (Line 1 multiplied by Line 2)	<u><3,351></u>
4	License tax due (Line 3 multiplied by .005)	<u>0</u>
5	Interest, if filed after due date (1% per month or portion thereof)	
6	Penalty, if filed after due date (5% per month or portion thereof, not to exceed 25%). Minimum \$25	
7	Total tax, interest and penalty (Add Lines 4 through 6)	<u>0</u>
8	Less credit (amount paid with extension or overpayment credited from prior year - attach schedule)	
9	Balance due (If Line 7 is greater than Line 8, enter here and pay balance due with return)	
10	Overpayment (If Line 8 is more than Line 7, enter here and check preference: Refund _____ Credit to next year _____)	<u>0</u>

IMPORTANT: The appropriate schedules must be attached or the return will be mailed back and will be considered delinquent.

MAIL TO: Marshall County Finance Office
86 High School Road
Benton, Kentucky 42025

DEADLINE DATE: April 15, 2009 or three and one-half months following fiscal year end

I hereby certify that the statements made herein and in any supporting schedules are true, correct, and complete to the best of my knowledge.

Signature of licensee _____

Date _____

Signature of individual preparing return _____

Date _____

Worksheet 1 - Adjusted Net Business Income

Complete column that relates to your form of business

	Federal Form / Line Reference	Individual	Partnership & S-Corporation	Corporation
1	Non-employee compensation recorded as "other income" on Federal Form 1040 (attach 1040 & 1099)		N/A	N/A
2	Net profit or (loss) per Schedule C or C-EZ (attach 1040 and applicable schedule)		N/A	N/A
3	Net profit or (loss) per Schedule E (attach 1040 and applicable schedule)		N/A	N/A
4	Net profit or (loss) per Schedule F (attach 1040 and applicable schedule)		N/A	N/A
5	Gain (loss) on the sale of property used in a trade, business or rental activity (attach 4797 and / or Schedule D) **only the amounts from trade, business, or rental		N/A	N/A
6	Net income (loss) per Federal Form 1065 Schedule K - Analysis of net income (loss) from page 5 (attach Form 1065, pages 1 through 5)	N/A		N/A
7	Income (loss) per Federal Form 1120S (attach Form 1120S, pages 1 through 4)	N/A		N/A
8	Taxable income per Form 1120 (attach Form 1120, pages 1 through 5)	N/A	N/A	<3,438>
9	Other business income (attach schedule)			
10	Total business income (add lines 1 through 9)			<3,438>

ITEMS NOT DEDUCTIBLE

11	State and local license taxes based on income (attach schedule)			87
12	Foreign taxes from Schedule K of Form 1065 and 1120S	1065-K / 16L 1120S-K / 14L	N/A	N/A
13	Pass through loss from another entity included on Federal Return		N/A	
14	Expenses associated with income not subject to the license tax (attach schedule)			
15	Other (attach full explanation and schedule)			
16	Total items not deductible (add Lines 11 through 15)			87

ITEMS NOT SUBJECT

17	Pass through profit from another entity included on Federal Return		N/A	
18	Other (attach full explanation and schedule)			
19	Total items not subject (add Lines 17 and 18)			0
20	Adjusted net business income (Line 10, plus Line 16, less Line 19). Enter on Section 1, Line 1			<3,351>

COMPUTATION OF APPORTIONMENT PERCENTAGES

21	Business Receipts Factor
22	Payroll Factor (use TOTAL GROSS Marshall wages, not just taxable wages)
23	Total Percentages (add Column C, lines 21 and 22)
24	Average Allocation Percentage (Column C, line 23 divided by the number of percents used)

Column A
Amount in
Marshall Co.

Column B
Total Amount
Everywhere

Column C
Marshall Co. %
(A divided by B)

		100%

Marshall County Occupational License Tax Return for General Outlay Purposes

2008

for the year ended December 31, 2008 or other taxable year beginning _____ and ending _____.

Section A - See Marshall County Occupational License Tax for General Outlay Purposes Net Profit Instructions located at www.marshallcounty.ky.gov

1) Business phone 800-922-2327 2) Principal business activity Wastewater Treatment

Principal Owner / Administrative Officer M. Janet Caldemeyer

Social security number or Employer Identification Number [REDACTED]

3) Name and address (change if incorrect on label)

BIG BEAR WASTEWATER, INC.
390
% M. JANET CALDEMEYER
3499 BIG BEAR HWY
BENTON, KY 42025-

4) If business activity began within the county during the year, enter date _____

5) If business activity was discontinued within the county during the year, enter date _____

6) Did you have employees in Marshall County during the year? Yes _____ No X

7) Type of organization: Corporation X S-Corporation _____ Partnership _____
LLC _____ Individual _____ Other _____

Section B

1	Adjusted net business income (from Worksheet 1, Line 20 - see reverse)	<u><6,702></u>
2	Average allocation percentage (from Worksheet 1, Line 24, see reverse)	<u>100%</u>
3	Net profits subject to license tax (Line 1 multiplied by Line 2)	<u><6,702></u>
4	License tax due (Line 3 multiplied by 1%)	<u>0</u>
5	Interest, if filed after due date (1% per month or portion thereof)	
6	Penalty, if filed after due date (5% per month or portion thereof, not to exceed 25%). Minimum \$25	
7	Total tax, interest and penalty (Add Lines 4 through 6)	<u>0</u>
8	Less credit (amount paid with extension or overpayment credited from prior year - attach schedule)	
9	Balance due (If Line 7 is greater than Line 8, enter here and pay balance due with return)	
10	Overpayment (If Line 8 is more than Line 7, enter here and check preference: Refund _____ Credit to next year _____)	<u>0</u>

IMPORTANT: The appropriate schedules must be attached or the return will be mailed back and will be considered delinquent.

REMIT TO: Marshall County Tax Administrator
P.O. Box 114
Benton, Kentucky 42025

DUE DATE: April 15, 2009 or three and one-half months following fiscal year end

I hereby certify that the statements made herein and in any supporting schedules are true, correct, and complete to the best of my knowledge.

Signature of licensee

Date

Signature of individual preparing return

Date

ARTICLES OF INCORPORATION
OF
BIG BEAR WASTEWATER, INC.

RECEIVED & FILED
FEB 1 2 49 PM '96
JOHN Y. DROWN III
SECRETARY OF STATE
COM. OF KENTUCKY

The undersigned incorporators execute these Articles of Incorporation for the purpose of forming and do hereby form a corporation pursuant to KRS Chapter 271B in accordance with the following provisions:

ARTICLE I

NAME

The name of the corporation shall be Big Bear Wastewater, Inc.

ARTICLE II

DURATION

The duration of this corporation shall be perpetual.

ARTICLE III

SHARES

The total number of shares which may be issued by the corporation shall be one thousand (1000) shares of common stock having no par value. The holders of the common stock shall be entitled to one vote for each share of common stock standing in their names on the books of the corporation.

ARTICLE IV

REGISTERED OFFICE AND RESIDENT AGENT

The street address of the initial registered office of the corporation shall be 30 Big Bear Resort Road, Benton, Kentucky 42025. The name of the initial registered agent of the corporation

located at the same address shall be Big Bear Resorts, Inc., a Kentucky corporation.

ARTICLE V

PURPOSE OF CORPORATION

The purpose of the corporation shall be to carry on all lawful business for which a corporation may be incorporated in the Commonwealth of Kentucky.

ARTICLE VI

PRINCIPAL OFFICE

The mailing address of the principal office of the corporation shall be 3499 Big Bear Highway, Benton, Kentucky 42025.

ARTICLE VI

INCORPORATORS

The name and mailing address of the incorporators are: Richard O. Meier, 30 Big Bear Resort Road, Benton, Kentucky 42025 and Janet Caldemeyer, 30 Big Bear Resort Road, Benton, Kentucky 42025.

ARTICLE VII

DIRECTORS

The name and mailing address of the individuals to serve as initial Directors are: Richard O. Meier, 30 Big Bear Resort Road, Benton, Kentucky 42025 and Janet Caldemeyer, 30 Big Bear Resort Road, Benton, Kentucky 42025.

EXECUTED in triplicate by the incorporators on this the 24
day of January, 1996.

Richard O. Meier
RICHARD O. MEIER, Incorporator
Janet Caldemeyer
JANET CALDEMEYER, Incorporator

COMMONWEALTH OF KENTUCKY)
COUNTY OF MARSHALL)

I, the undersigned Notary Public, do hereby certify that the foregoing instrument was duly subscribed and sworn to me by Richard O. Meier, who is personally known to me (or proved to me on the basis of satisfactory evidence) as his free act, on this the 24 day of January, 1996.

Rhonda L Brandon
NOTARY PUBLIC, STATE-AT-LARGE
My Commission Expires: ~~My~~ My Commission Expires August 2, 1997

COMMONWEALTH OF KENTUCKY)
COUNTY OF MARSHALL)

I, the undersigned Notary Public, do hereby certify that the foregoing instrument was duly subscribed and sworn to me by Janet Caldemeyer, who is personally known to me (or proved to me on the basis of satisfactory evidence) as her free act, on this the 24 day of January, 1996.

Rhonda L Brandon
NOTARY PUBLIC, STATE-AT-LARGE
My Commission Expires: ~~My~~ My Commission Expires August 2, 1997

COMMONWEALTH OF KENTUCKY)
COUNTY OF MARSHALL)

I, James R. English, Clerk of MARSHALL COUNTY, do hereby certify that the foregoing Articles of Incorporation was on the 6th day of February, 1996, lodged in my office for record; whereupon the same, the foregoing and this certificate have been duly recorded in my office. In Misc Book 57 Page 441

Given under my hand this 6th day of February, 1996.

JAMES R. ENGLISH, CLERK

BY Delia Kiley D.C.

THIS INSTRUMENT PREPARED BY:

HOPKINS & ASSOCIATES

Paul C. Hayes
PAUL C. HAYES

Attorney at Law
405 Maple Street, Suite B
Murray, Kentucky 42071

Telephone: (502) 759-9504
Facsimile: (502) 759-9821