

September 22, 2009

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SEP 24 2009

PUBLIC SERVICE
COMMISSION

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

RE: Kentucky PSC Case Number: 2009-00171 (Big Bear Wastewater, Inc.)

Dear Sir or Madam:

My wife and I own unit 4C, one of the 24 condominium units that make up the Treetops Condominium Association at Big Bear Resort in Benton, KY. Since our Association is still being developed, Big Bear Resort acts as the manager for the Treetops Condominium Association. A total of 28 units are planned for this project.

We understand that businesses must show profit in order to survive and prosper; however, we question the manner in which Big Bear Wastewater, Inc. demonstrates the need for an increase, especially a 77.5% increase.

In the Alternative Rate Filing Application that Richard Meier submitted on April 27, 2009, the following question was asked on page five of the Application: "How much of the plant cost was recovered through the sale of lots and other contributions?" Richard Meier answered: "Unknown – Records were not maintained so as to keep this information." In 1992, when this wastewater plant was installed, Richard Meier sent a letter to the Dens Condominium Owners explaining how the cost of the sewage plant was budgeted into the sale of Dens Condominium Units. He goes on to explain that the cost of a filter, required after the fact, was not budgeted and had to be paid for through a special assessment. The letter seems to indicate that 100% of the wastewater plant cost was recovered. Yet, there is still a large loan on the books which we have trouble understanding. The Kentucky PSC has a copy of this letter; it is located on page 24 of Kentucky PSC Case Number 99-114. I am also including a copy of the letter.

Thank you for your time and consideration of this matter.

Sincerely,



Clay Webb
106 Treetops Lane 4C
Benton, KY 42025

BDI
BEAR DEVELOPMENT INC.

Dear

RT 4 BOX 142, BENTON, KY 42025
(800) 922-BEAR (2327)

As the developer of the Den's Condominium project, this is a letter which I had hoped I would never have to write. However, due to circumstances beyond my control, I have found it necessary to levy a one-time special assessment against the owners.

Now that the news is out in the open, let me try to explain how this situation came about. Bear Development Inc. has planned from day 1 to pay for the new sewage wastewater treatment plant from funds budgeted from the sales of the Dens Condominiums. This is exactly the time at which we planned to install the plant and we are installing the plant for which we had originally budgeted. Everything as planned!

The filing for this plant, with the Kentucky Division of Water, was initiated over 6 months ago. However, less than 2 months ago, the State of Kentucky implemented a new law requiring stiffer regulations for all treatment plants flowing into waterways in Kentucky. In this new law are provisions that will allow no new plants to be installed in the State of Kentucky which would flow into any waterway! Fortunately the plant at Big Bear was grandfathered BUT had to meet stiffer standards.

The portion of these standards that will affect you is the result of the above law implementation. In order for the Big Bear Resort treatment plant to adhere to new state regulations, a filter system had to be added to the new plant that we are installing. That, in itself, does not sound too bad. However, the price of this unit now stands to add more than 50% to the cost of the new plant.

The assessment that was determined by the amount of money required for the new equipment only. Big Bear Resort and The Dens Condominium unit owners are being assessed based on the number of plumbing fixtures per each entity. That number is then being divided into the total amount of above budget expenditure. The percentages for Big Bear and the Dens are 56% & 44% respectively. After applying these figures, the assessment for the Dens comes to \$16,672.22 or \$190.87 per unit owner. This is on a total project cost of \$115,972.26 and only represents 44% of the additional cost mandated by the state. I am currently looking for a March 1, 1992, date for the assessments from each unit to be paid.

Let me reiterate that this was a cost that the development company had no control over. I've been through this before with our unit in Florida and I know that this is never a pleasant situation. I fought the battle against the State and lost but no one can say that it wasn't a good fight! I will be more than happy to discuss in detail any aspect of this decision and will be prepared to take the heat for it.

Thank you for your cooperation.

Richard O. Meier