



STOLL · KEENON · OGDEN
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January 28, 2010

RECEIVED

JAN 28 2010

PUBLIC SERVICE
COMMISSION

Mr. Jeff DeRouen
Executive Director
Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40602

**RE: Application of Big Bear Wastewater, Inc. for an Adjustment of Rates
Case No. 2009-00171**

Dear Mr. DeRouen:

Please find enclosed an original and ten copies of Big Bear Wastewater, Inc.'s Comments to Staff Report Issued January 22, 2010.

Please acknowledge receipt of this filing by placing your file-stamp on the extra copy and returning to me via our runner.

Very truly yours,

STOLL KEENON OGDEN PLLC

Deborah T. Eversole

Enclosure

cc: Parties of Record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

JAN 28 2010

PUBLIC SERVICE
COMMISSION

In the Matter of:

APPLICATION OF BIG BEAR WASTEWATER,) CASE NO.
INC. FOR AN ADJUSTMENT OF RATES) 2009-00171

COMMENTS OF BIG BEAR WASTEWATER, INC.
TO STAFF REPORT ISSUED JANUARY 22, 2010

Big Bear Wastewater, Inc. ("Big Bear"), by counsel, for its Comments on the Commission's Staff Report issued January 22, 2010 in this case, states as follows:

* * *

Big Bear does not agree with all of the findings and recommendations contained in the Staff Report, and further believes that it has made its case for the revenues requested in the application. Nevertheless, if further proceedings and rate case expense can be avoided by doing so, Big Bear will waive its objections¹ to the revenue requirement recommended in the Staff Report, except that the revenue requirement and resulting rates should be adjusted, pursuant to ordinary Commission practice, to include the additional rate case expense Big Bear has incurred since filing its application, amortized over three years. That additional rate case expense adjustment totals \$14,307.65, and is documented by [1] the January 25, 2010 invoice of Big Bear's consultant, attached; [2] the bills issued by Big Bear's attorney, attached; and [3] the affidavit of Big Bear's attorney stating the total legal fees Big Bear has incurred to date, including fees accrued but not yet billed.


¹ Big Bear believes, for example, that the Commission's approval of Big Bear's twenty-year, 9.5% loan as a term of the transfer of the plant to Big Bear in PSC Case No. 98-089 entitles it to recover that interest.

Big Bear also requests an alteration in the three-phase rate increase Staff recommends. Although Big Bear requested a phased-in rate in its application, the rates it requested were higher than those now recommended by Staff. Big Bear does not believe that its proposed first phase -- from \$30.37 to \$45.95 -- results in "rate shock." Big Bear has in fact already put the \$45.95 rate into effect pursuant to KRS 278.190, and any "rate shock" has therefore already occurred. Permitting Big Bear to charge only the phase 1 rate recommended in the Staff Report would result in an anomaly: Big Bear would have to refund the difference between the \$45.95 rate it has been charging and the phase 1 rate -- *even though Staff has found that Big Bear needs a \$50.32 rate.* Commission precedent requires no phase-in. In *The Application of Lake Columbia Utilities, Inc. for a Rate Adjustment Pursuant to the Alternative Rate Filing Procedure for Small Utilities*, Ky. PSC Case No. 2000-00458 (Order dated August 24, 2001), the Commission approved a rate increase from a monthly flat rate of \$15.00 to a monthly rate of \$51.32, an increase of 235.47 percent. That rate was not phased in. Big Bear has been subsidized for years as a result of inadequate rates. Now that Staff has found that Big Bear requires revenues of \$52,563 per year, those revenues should be made available. At the very least, the phase-in should be reduced to two steps, with what is now the "year two" rate going into effect immediately. Staff's recommended year one rate will not come close to providing the revenue that Staff itself has found necessary.

Finally, Big Bear does not believe that a formal hearing is necessary. This case can, and should be, submitted to the Commission based on the Staff Report and the written comments of the parties. Big Bear is a small utility and believes that it is in the best interests of all concerned to avoid unnecessary rate case expense. If the Commission determines that additional formal proceedings are necessary, however, Big Bear reserves the right to defend its application in all

respects and, at the conclusion of the case, to submit documentation for additional adjustment for recovery of the rate case expense that will have continued to accrue throughout the proceedings.

Respectfully submitted,



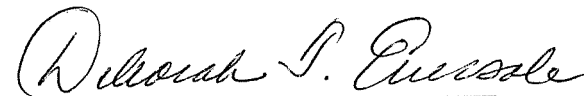
Deborah T. Eversole, Esq.
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500 West Jefferson Street
Louisville, Kentucky 40202
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Fax: (502) 333-6099
deborah.eversole@skofirm.com

CERTIFICATE OF SERVICE

I hereby certify that, on this 28th day of January, 2010, a full and complete copy of the foregoing was sent by United States Mail, postage prepaid, to the persons listed below:

Robert C. Moore, Esq.
Hazelrigg & Cox, LLP
415 West Main Street, 1st Floor
P.O. Box 676
Frankfort, KY 40602-0606

David Edward Spenard
Assistant Attorney General
1024 Capital Center Drive, Suite 200
Frankfort, KY 40601-8204



Counsel for Big Bear Wastewater, Inc.

KENTUCKY SMALL UTILITY CONSULTING, LLC

Jack Kaninberg, Owner
8105 Parkshire Court
Louisville, KY 40220
(502) 742-9325

January 25, 2010

INVOICE FOR CONSULTING SERVICES

Big Bear Wastewater, Inc.
3499 Big Bear Highway
Benton, KY 42025

Description of Service	Amount
Rate Case Consulting Services for Big Bear Wastewater, Inc. - Additional payment based upon unforeseen circumstances including intervention, legal consultations, withdrawn Staff Report, data requests, etc.	\$500.00

Please make all checks payable to Jack Kaninberg
Thank You For Your Business!

STOLL · KEENON · OGDEN
PLLC
2000 PNC Plaza
500 West Jefferson Street
Louisville, Kentucky 40202-2828
502 333-6000
Tax ID # 61-0421389
November 9, 2009

Big Bear Waste Water
3499 Big Bear Highway
Benton, KY 42025

INVOICE NO.: 634413
SKO File No.: 112987/135628

Please Remit This Page With Payment To:
STOLL · KEENON · OGDEN
PLLC
P.O. Box 11969
Lexington, Kentucky 40579-1969

Re: KPSC Rate Case

Our Reference: 112987/135628/DTE/1008

Fees rendered this bill	\$ 2,112.00
Disbursements	\$ 10.20
Total Current Charges This Matter	\$ 2,122.20

STOLL · KEENON · OGDEN
PLLC
2000 PNC Plaza
500 West Jefferson Street
Louisville, Kentucky 40202-2828
502 333-6000
Tax ID # 61-0421389
December 9, 2009

Big Bear Waste Water
3499 Big Bear Highway
Benton, KY 42025

INVOICE NO.: 637505
SKO File No.: 112987/135628

Please Remit This Page With Payment To:
STOLL · KEENON · OGDEN
PLLC
P.O. Box 11969
Lexington, Kentucky 40579-1969

Re: KPSC Rate Case

Our Reference: 112987/135628/DTE/1008

Fees rendered this bill \$ 224.00

Total Current Charges This Matter \$ 224.00

STOLL · KEENON · OGDEN
PLLC
2000 PNC Plaza
500 West Jefferson Street
Louisville, Kentucky 40202-2828
502 333-6000
Tax ID # 61-0421389
January 13, 2010

Big Bear Waste Water
3499 Big Bear Highway
Benton, KY 42025

INVOICE NO.: 639721
SKO File No.: 112987/135628

Please Remit This Page With Payment To:
STOLL · KEENON · OGDEN
PLLC
P.O. Box 11969
Lexington, Kentucky 40579-1969

Re: KPSC Rate Case

Our Reference: 112987/135628/DTE/1008

Fees rendered this bill \$ 896.00

Total Current Charges This Matter \$ 896.00

