

Overland Development Inc.
18211 Valleyview Ct.
Catlettsburg, Ky. 41129

RECEIVED

SEP 13 2010

PUBLIC SERVICE
COMMISSION

Sept. 9, 2010

Public Service Commission
P.O. Box 615
Frankfort, Ky. 40602

2010-00366

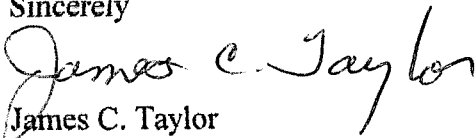
Dear Jeff Derouen:

Enclosed you will find an original and 10 copies for a rate increase for Overland Development Inc. The rate increase is due to recover rate increases from our supplier, Big Sandy Water and other increased costs.

Overland has hand delivered or mailed each customer (112) a copy of the enclosed Notice of rate increases.

The utility has previously filed income statements and balance sheets with the Public Service Commission. These income statements and balance sheets are currently on file with the Commission. A copy of our Articles of Incorporation are on file with the Commission. Our last filing was Case No, 2008-00445 on October 2010.

Sincerely


James C. Taylor
Overland Development Inc.

Enclosure

RECEIVED

SEP 13 2010

PUBLIC SERVICE
COMMISSION

APPLICATION FOR RATE ADJUSTMENT
BEFORE THE PUBLIC SERVICE COMMISSION

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

Overland Development, Inc.

Name of Utility

18211 Valleyview Drive

Catlettsburg, KY 41129

Business Mailing Address

Telephone Number 606 / 739-4853
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: James C. Taylor, Secretary/Treasurer
Address: 18211 Valleyview Drive
Catlettsburg, KY 41129
Telephone Number: 606-739-4853

- | | | | |
|----|---|---|----|
| 1) | Do you have 500 customers or fewer? | <input checked="" type="checkbox"/> Yes | No |
| 2) | Do you have \$300,000 in Gross Annual Revenue or less? | <input checked="" type="checkbox"/> Yes | No |
| 3) | Has the Utility filed an annual report with this Commission for the past year and the two previous years? | <input checked="" type="checkbox"/> Yes | No |
| 4) | Are the utility's records kept separate from any other commonly-owned enterprise? | <input checked="" type="checkbox"/> 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, 2008.

- 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.

SEE EXHIBIT A

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

SEE EXHIBIT A AND EXHIBIT B

- 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:

SEE EXHIBIT C

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).
- 2) Total number of Customers as of the date of filing: Residential 112
Total amount of increased revenue requested: \$7,949

Please circle Yes or No:

- a) Does the utility have any outstanding indebtedness? No
- b) If yes, attach a copy of any documents such as promissory notes, bond resolutions, mortgage agreements, etc.
- c) Were all revenues and expenses listed in the Annual Report for **2009** incurred and collected from January 1 to December 31 of that year? Yes
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.
- 3) 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 **2009** and the amount shown on this schedule.
The utility's assets are all fully depreciated. No depreciation expense was reported for the test-period.
- 4) If utility is a sewer utility:
 - a) Attach a copy of the latest State and Federal Income Tax Returns.
Not Applicable
 - b) How much of the utility plant was recovered through the sale of lots or other contributions _____ \$ or %? (If unknown, state the reason).
Not Applicable

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

The operating expenses have increased since the last rate case. For Purchase Public Service to be able to provide adequate service to its ratepayers, the requested increase in rates is required.

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.

Step 5: 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.

Step 6: 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

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) Bills | (3) Gallons/Mcf | (4) First 2,000 | (5) Next 3,000 | (6) Next 10,000 | (7) Next 25,000 | (8) Over 40,000 | (9) Total |
|-----------------------|--------------|--------------------|--------------------|-------------------|--------------------|--------------------|--------------------|--------------|
| First 2,000 Min. Bill | 432 | 518,400 | 518,400 | | | | | 518,400 |
| Next 3,000 Gallons | 1,735 | 4,858,000 | 3,470,000 | 1,388,000 | | | | 4,858,000 |
| Next 10,000 Gallons | 1,830 | 16,268,700 | 3,660,000 | 5,490,000 | 7,118,700 | | | 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) Bills | (3) Gallons/Mcf | (4) Rates | (5) 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:

Public Service Litigation Branch
Office of the Attorney General
Post Office Box 2000
Frankfort, Kentucky 40602-2000

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

James C. Taylor
Officer of the Company

Title

President

Date

9-9-2010

Exhibit A
Revenue Requirement

Pro Forma Revenues and Expenses

| | <u>Test Period</u> | <u>Adjustments</u> | | <u>Adjusted</u> |
|---------------------------------|--------------------|--------------------|---|------------------|
| Water Sales | \$ 43,712 | \$ (872) | A | \$ 42,840 |
| Total Water Sales | \$ 43,712 | \$ (872) | | \$ 42,840 |
| Water Expenses | | | | |
| Salaries & Wages | \$ 12,000 | | | \$ 12,000 |
| Contract Labor | 765 | | | 765 |
| Purchased Water | 17,538 | 1,455 | B | 18,993 |
| Water Testing | 809 | 240 | C | 1,049 |
| Office Supplies | 127 | | | 127 |
| Telephone | 1,175 | (588) | D | 587 |
| Equipment | 381 | | | 381 |
| Postage | 712 | 78 | E | 790 |
| Fuel | 820 | | | 820 |
| Meter Labor | 602 | 45 | F | 647 |
| Tools | 38 | | | 38 |
| Accounting Fees | 1,970 | | | 1,970 |
| Maintenance & Repair | 3,596 | (1,000) | G | 2,596 |
| Taxes Other Than Income | 2,621 | | | 2,621 |
| Total Operating Expenses | \$ 43,154 | \$ 230 | | \$ 43,384 |
| Net Operating Income | \$ 558 | \$ (1,102) | | \$ (544) |
| | ===== | ===== | | ===== |

Exhibit B
Revenue Requirement Calculation

Revenue Requirement Calculation

| | |
|---------------------------------------|--------------------|
| Operating Expenses | \$ 43,384 |
| Divided by: Operating Ratio | <u>88%</u> |
| Revenue Requirement Before Income Tax | \$ 49,300 |
| Less Operating Expenses | <u>\$ 43,384</u> |
| Net Income After Taxes | \$ 5,916 |
| Times: Income Tax Gross-up | <u>1.251564456</u> |
| Income Before Taxes | \$ 7,405 |
| Operating Expenses | <u>\$ 43,384</u> |
| Revenue Requirement | \$ 50,789 |
| Less: Normalized Revenue | <u>\$ 42,840</u> |
| Increase | \$ 7,949 |

Exhibit C
Revenue Requirement Calculation

| OVERLAND DEVELOPMENT INC. REVENUE BY RATE INCREMENT | | | | | | INCREASE | REVENUE |
|---|--------|-------|-----------|---------|-------------|----------|-------------|
| | | | | CURRENT | | 17.7% | FROM |
| | | | | | | PROPOSED | PROPOSED |
| | | BILLS | GALLONS | RATE | REVENUE | RATE | RATE |
| FIRST | 2,000 | 1314 | 2,537,000 | \$16.98 | \$22,311.72 | \$19.99 | \$26,266.86 |
| NEXT | 8,000 | | 3,084,000 | 6.19 | 19,089.96 | 7.29 | 22,482.36 |
| NEXT | 20,000 | | 265,000 | 4.69 | 1,242.85 | 5.52 | 1,462.80 |
| NEXT | 20,000 | | 30,000 | 3.90 | 117.00 | 4.59 | 137.70 |
| OVER | 50,000 | | 25,000 | 3.14 | 78.50 | 3.70 | 92.50 |
| | | | | | | | 0.00 |
| | TOTAL | 1314 | 5,941,000 | | \$42,840.03 | | \$50,442.22 |

NOTICE

Overland Development Inc. has filed with the Public Service Commission for the following rate increase.

Monthly Rates:

5/8" x 3/4" Meter

| | | |
|-------|----------------|------------------------|
| First | 2,000 gallons | \$20.14 Minimum Bill |
| Next | 8,000 gallons | 7.34 per 1,000 gallons |
| Next | 20,000 gallons | 5.56 per 1,000 gallons |
| Next | 20,000 gallons | 4.62 per 1,000 gallons |
| Over | 50,000 gallons | 3.72 per 1,000 gallons |

The financial impact on an average customer using 4,000 gallons per month would be as follows:

New Rate \$34.82 + \$1.04 Utility tax = \$35.86
minus Old Rate \$29.36 + \$.88 Utility tax = \$30.24
\$ 5.62 per month or \$67.44 per year

The rates contained in this notice are the rates proposed by Overland Development; however the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice.

Notice is further given that any corporation, association, or person with a substantial interest in the matter may, by written request within 30 days after the publication of this notice, request to intervene in the matter before the Public Service Commission. Intervention may be granted beyond the thirty (30) day period for good cause shown. The request should be submitted to the Public Service Commission at its address shown below. Any person who has been granted intervention by the Commission may obtain copies, free of charge, of the application and testimony by contacting Overland Development at the address below. Any person may examine the rate application and any other filing made by Overland Development at its offices or at the Public Service Commission at the address below.

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