

**BIG SANDY WATER DISTRICT**  
**18200 STATE ROUTE 3**  
**CATLETTSBURG KY 41129**  
**928-2075 OR 1-800-354-2933**  
**FAX 606-928-8454**  
**[bdistrict@windstream.net](mailto:bdistrict@windstream.net)**

August 14, 2012

Honorable David Armstrong, Chairman  
Ky. Public Service Commission  
211 Sower Blvd.  
P. O. Box 615  
Frankfort, Ky. 40602-0615

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AUG 15 2012

PUBLIC SERVICE  
COMMISSION

Ref: Big Sandy Water District Rate Case # 2012-00152

Dear Sir:

We realize that this letter may not be in our best interest over the long term of dealing with the PSC. However, we are at the end of our string. Please reference our letter of June 20, 2012 to your Mr. Scott Lawless.

We have included our March (\$18,604), April (\$7,176) and May (\$22,851) loss statements. We are adding June (\$26,978) and July \$5,258 herewith. It is obvious that we have lost \$70,351 in the last 5 months. We are close to ceasing to exist.

We were previously informed on June 7, 2012 that our final order for a rate increase would be issued on July 16. A notice did come but not the actual order.

Our office manager spoke to Mr. Mark Frost yesterday trying to find out what is happening since July 16. He stated that the order was "circulating" and he could give no answer as to when the actual "Order" would be issued. It should be noted that it will take at least 2 months for us to realize any new revenue after the Order.

As stated in the Lawless letter, the amount of time that has passed since August, 2011 is unacceptable. Our question to you is "What should we do?"

Respectfully,



Paul E. Thomas, Chairman

enclosures

cc: Honorable Rocky Adkins, State Representative  
Mr. Jeff Derouen, PSC Executive Director  
Sisler-Maggard Engineering, PLLC



EQUAL SERVICE PROVIDER

5099(a)

**Big Sandy Water District**  
**18200 State Route 3**  
**Catlettsburg KY 41129**  
**606-928-2075**  
**[bdistrict@windstream.net](mailto:bdistrict@windstream.net)**

June 20, 2012

KY Public Service Commission  
211 Sower Blvd  
PO Box 615  
Frankfort KY 40602-0615

Attn: Mr. Scott Lawless, Branch Manager-Water Revenue Requirements

*RE: Big Sandy Water District, Rate Case # : 2012-00152*

Dear Sir,

**The Big Sandy Water district has had revenue and expense problems for well over a year.** We have not had a “general” rate increase since May 13, 1985.

Pursuant to your regulations, we have always filed and taken all “pass through” rate increases from our (4) four suppliers.

Subsequently in August 2011 we made application to PSC for a PSC staff assisted rate case, leading to a justified and needed rate increase.

At the time of our application we thought that our general rate increase (by regulation) would come through in approximately 5 months and 20 days. We realize you have the option and latitude to change that time frame every time you (staff) request additional information. There were many requests for additional information and we understand.

On April 12, 2012 Mr. Mark Frost, and an associate of your staff, came to our office for a Board meeting and reviewed the PSC findings. He apologized for it taking so long (over 8 months) for them to complete their review. He said we needed to pick a minimum bill increase of 20% or 25% and he would go back and generate the final rates the next day (a Friday). We picked 20%. Mr. Frost said he would expedite the final staff review and we should have the “final” order in 4-8 weeks. We thought that seemed a long time since so much time had already passed.

Our Office Manager called on Friday, June 15<sup>th</sup> to get a status and she was informed that you (PSC) were lowering the rate increase from what we were told in April. Now we understand it will be July 30<sup>th</sup> before we get an order/authorization to raise rates and therefore we can't get rates raised until September billing and realize increase revenue until October.

We have attached our last (3) three months financial statement which show losses:

March 2012=(\$18604.00)

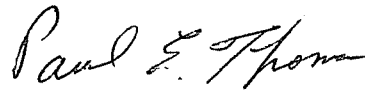
April 2012=(\$7176.00)

May 2012=(\$22861.00)

We believe a year for a rate increase approval from PSC is way beyond an acceptable time frame.

We can't last much longer and we hope you can expedite this approval.

Respectfully,



Paul E. Thomas  
Chairman

Enclosures

Cc: Sisler-Maggard Engineering, PLLC

## Profit & Loss Budget vs. Actual

	<u>Month of Mar</u>	<u>Thru Mar 31, 2012</u>	<u>Budget</u>	
<b>Income</b>				
Water Rev & Late Chg	\$ 160,570.00	\$ 498,835.00	\$ 2,353,604.00	21%
Other Water	\$ 8,005.00	\$ 17,918.00	\$ 75,000.00	24%
Interest	\$ 92.00	\$ 311.00	\$ 2,000.00	16%
<hr/>				
Total Income	<b>\$ 168,667.00</b>	<b>\$ 517,064.00</b>	<b>\$ 2,430,604.00</b>	21%
<b>Expenses</b>				
Salaries of Employees	\$ 31,332.00	\$ 78,695.00	\$ 331,331.00	24%
Salaries of Comm	\$ 2,500.00	\$ 7,500.00	\$ 30,000.00	25%
Comm Expense	\$ -	\$ -	\$ 3,000.00	
Insurance Employees	\$ 8,157.00	\$ 22,239.00	\$ 90,800.00	24%
Retirement Employees	\$ 5,868.00	\$ 14,752.00	\$ 57,700.00	26%
Water Purchased	\$ 69,136.00	\$ 217,638.00	\$ 810,500.00	27%
Electric	\$ 11,218.00	\$ 20,939.00	\$ 72,500.00	29%
Materials Supplies	\$ 12,853.00	\$ 35,301.00	\$ 110,000.00	32%
Contractual Services	\$ 3,378.00	\$ 8,326.00	\$ 43,800.00	19%
Rental	\$ -	\$ -	\$ 1,000.00	
Transporation Expense	\$ 4,480.00	\$ 13,187.00	\$ 57,700.00	23%
Insurance	\$ -	\$ -	\$ 16,500.00	
Insurance WC	\$ -	\$ -	\$ 7,000.00	
Ad Expense	\$ 280.00	\$ 280.00	\$ 2,000.00	14%
Bad Debt	\$ (291.00)	\$ (815.00)	\$ 12,000.00	
Misc Expenses	\$ 1,740.00	\$ 7,328.00	\$ 30,900.00	24%
Depreciation	\$ -	\$ -	\$ -	
Assessment Fees	\$ -	\$ -	\$ 3,200.00	
Payroll Tax	\$ 2,418.00	\$ 6,283.00	\$ 27,500.00	23%
Truck Account			\$ 18,000.00	
Loan Principle Payment	\$ 12,625.00	\$ 37,875.00	\$ 151,500.00	25%
Loan Interest Payment	\$ 21,575.00	\$ 64,725.00	\$ 258,855.00	25%
Int Cust Dep	\$ 2.00	\$ 155.00	\$ 1,000.00	16%
Depreciation Reserve				
<hr/>				
Total Expenses	<b>\$ 187,271.00</b>	<b>\$ 534,408.00</b>	<b>\$ 2,136,786.00</b>	25%
<b>TOTAL</b>	<b>\$ (18,604.00)</b>			

## Profit & Loss Budget vs. Actual

	<u>Month of Apr</u>	<u>Thru Apr 30,2012</u>	<u>Budget</u>	
<b>Income</b>				
Water Rev & Late Chg	\$ 152,844.00	\$ 651,679.00	\$ 2,353,604.00	28%
Other Water	\$ 7,947.00	\$ 25,865.00	\$ 75,000.00	34%
Interest	\$ 95.00	\$ 406.00	\$ 2,000.00	20%
<hr/>				
Total Income	<b>\$ 160,886.00</b>	<b>\$ 677,950.00</b>	<b>\$ 2,430,604.00</b>	28%
<b>Expenses</b>				
Salaries of Employees	\$ 23,429.00	\$ 102,124.00	\$ 331,331.00	31%
Salaries of Comm	\$ 2,500.00	\$ 10,000.00	\$ 30,000.00	33%
Comm Expense	\$ -	\$ -	\$ 3,000.00	
Insurance Employees	\$ 7,373.00	\$ 29,612.00	\$ 90,800.00	33%
Retirement Employees	\$ 4,323.00	\$ 19,075.00	\$ 57,700.00	33%
Water Purchased	\$ 68,507.00	\$ 286,145.00	\$ 810,500.00	35%
Electric	\$ 3,187.00	\$ 24,126.00	\$ 72,500.00	33%
Materials Supplies	\$ 9,378.00	\$ 44,679.00	\$ 110,000.00	41%
Contractual Services	\$ 6,281.00	\$ 14,607.00	\$ 43,800.00	33%
Rental	\$ -	\$ -	\$ 1,000.00	
Transporation Expense	\$ 4,496.00	\$ 17,683.00	\$ 57,700.00	31%
Insurance	\$ (625.00)	\$ (625.00)	\$ 16,500.00	
Insurance WC	\$ -	\$ -	\$ 7,000.00	
Ad Expense	\$ -	\$ 280.00	\$ 2,000.00	14%
Bad Debt	\$ (281.00)	\$ (1,096.00)	\$ 12,000.00	
Misc Expenses	\$ 2,754.00	\$ 10,082.00	\$ 30,900.00	33%
Depreciation	\$ -	\$ -	\$ -	
Assessment Fees	\$ -	\$ -	\$ 3,200.00	
Payroll Tax	\$ 2,538.00	\$ 8,821.00	\$ 27,500.00	32%
Truck Account			\$ 18,000.00	
Loan Principle Payment	\$ 12,625.00	\$ 50,500.00	\$ 151,500.00	33%
Loan Interest Payment	\$ 21,575.00	\$ 86,300.00	\$ 258,855.00	33%
Int Cust Dep	\$ 2.00	\$ 157.00	\$ 1,000.00	16%
Depreciation Reserve				
<hr/>				
Total Expenses	<b>\$ 168,062.00</b>	<b>\$ 702,470.00</b>	<b>\$ 2,136,786.00</b>	33%
<b>TOTAL</b>	<b>\$ (7,176.00)</b>			

## Profit & Loss Budget vs. Actual

	<u>Month of May</u>	<u>Thru May 31, 2012</u>	<u>Budget</u>	
<b>Income</b>				
Water Rev & Late Chg	\$ 157,588.00	\$ 809,267.00	\$ 2,353,604.00	34%
Other Water	\$ 3,955.00	\$ 29,820.00	\$ 75,000.00	40%
Interest	\$ 91.00	\$ 497.00	\$ 2,000.00	25%
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Total Income	<b>\$ 161,634.00</b>	<b>\$ 839,584.00</b>	<b>\$ 2,430,604.00</b>	35%
 <b>Expenses</b>				
Salaries of Employees	\$ 28,429.00	\$ 130,553.00	\$ 331,331.00	39%
Salaries of Comm	\$ 2,500.00	\$ 12,500.00	\$ 30,000.00	42%
Comm Expense	\$ -	\$ -	\$ 3,000.00	
Insurance Employees	\$ 303.00	\$ 29,915.00	\$ 90,800.00	33%
Retirement Employees	\$ 5,330.00	\$ 24,405.00	\$ 57,700.00	42%
Water Purchased	\$ 73,341.00	\$ 359,486.00	\$ 810,500.00	44%
Electric	\$ 7,055.00	\$ 31,181.00	\$ 72,500.00	43%
Materials Supplies	\$ 9,710.00	\$ 54,389.00	\$ 110,000.00	49%
Contractual Services	\$ 12,820.00	\$ 27,427.00	\$ 43,800.00	63%
Rental	\$ -	\$ -	\$ 1,000.00	
Transporation Expense	\$ 3,284.00	\$ 20,967.00	\$ 57,700.00	36%
Insurance	\$ -	\$ (625.00)	\$ 16,500.00	
Insurance WC	\$ -	\$ -	\$ 7,000.00	
Ad Expense	\$ 2,331.00	\$ 2,611.00	\$ 2,000.00	131%
Bad Debt	\$ -	\$ (1,096.00)	\$ 12,000.00	
Misc Expenses	\$ 3,008.00	\$ 13,090.00	\$ 30,900.00	42%
Depreciation	\$ -	\$ -	\$ -	
Assessment Fees	\$ -	\$ -	\$ 3,200.00	
Payroll Tax	\$ 2,181.00	\$ 11,002.00	\$ 27,500.00	40%
Truck Account			\$ 18,000.00	
Loan Principle Payment	\$ 12,625.00	\$ 63,125.00	\$ 151,500.00	42%
Loan Interest Payment	\$ 21,575.00	\$ 107,875.00	\$ 258,855.00	42%
Int Cust Dep	\$ 3.00	\$ 160.00	\$ 1,000.00	16%
Depreciation Reserve				
<hr/>				
Total Expenses	<b>\$ 184,495.00</b>	<b>\$ 886,965.00</b>	<b>\$ 2,136,786.00</b>	42%
<b>TOTAL</b>	<b>\$ (22,861.00)</b>			

## Profit & Loss Budget vs. Actual

	<u>Month of June</u>	<u>Thru June 30, 212</u>	<u>Budget</u>	
<b>Income:</b>				
Water Rev & Late Chg	\$ 164,324.00	\$ 973,591.00	\$ 2,353,604.00	41%
Other Water	\$ 8,783.00	\$ 38,603.00	\$ 75,000.00	51%
Interest	\$ 82.00	\$ 579.00	\$ 2,000.00	29%
<hr/>				
<b>Total Income</b>	<b>\$ 173,189.00</b>	<b>\$ 1,012,773.00</b>	<b>\$ 2,430,604.00</b>	<b>42%</b>
<b>Expenses</b>				
Salaries of Employees	\$ 24,967.00	\$ 155,520.00	\$ 331,331.00	47%
Salaries of Comm	\$ 2,500.00	\$ 15,000.00	\$ 30,000.00	50%
Comm Expense	\$ -	\$ -	\$ 3,000.00	
Insurance Employees	\$ 6,939.00	\$ 36,854.00	\$ 90,800.00	41%
Retirement Employees	\$ 4,608.00	\$ 29,013.00	\$ 57,700.00	50%
Water Purchased	\$ 81,844.00	\$ 441,330.00	\$ 810,500.00	54%
Electric	\$ 4,647.00	\$ 35,828.00	\$ 72,500.00	49%
Materials Supplies	\$ 4,924.00	\$ 59,313.00	\$ 110,000.00	54%
Contractual Services	\$ 641.00	\$ 28,068.00	\$ 43,800.00	64%
Rental	\$ 95.00	\$ 95.00	\$ 1,000.00	10%
Transportation Expense	\$ 3,921.00	\$ 24,888.00	\$ 57,700.00	43%
Insurance	\$ 15,255.00	\$ 14,630.00	\$ 16,500.00	89%
Insurance WC	\$ 7,028.00	\$ 7,028.00	\$ 7,000.00	100%
Ad Expense	\$ 1,365.00	\$ 3,976.00	\$ 2,000.00	199%
Bad Debt	\$ (252.00)	\$ (1,348.00)	\$ 12,000.00	
Misc Expenses	\$ 2,055.00	\$ 15,145.00	\$ 30,900.00	49%
Depreciation	\$ -	\$ -	\$ -	
Assessment Fees	\$ 3,481.00	\$ 3,481.00	\$ 3,200.00	109%
Payroll Tax	\$ 1,946.00	\$ 12,948.00	\$ 27,500.00	47%
Truck Account			\$ 18,000.00	
Loan Principle Payment	\$ 12,625.00	\$ 75,750.00	\$ 151,500.00	50%
Loan Interest Payment	\$ 21,575.00	\$ 129,450.00	\$ 258,855.00	50%
Int Cust Dep	\$ 3.00	\$ 163.00	\$ 1,000.00	16%
Depreciation Reserve				
<hr/>				
<b>Total Expenses</b>	<b>\$ 200,167.00</b>	<b>\$ 1,087,132.00</b>	<b>\$ 2,136,786.00</b>	<b>51%</b>
<b>TOTAL</b>	<b>\$ (26,978.00)</b>			

**Profit & Loss Budget vs. Actual**

	<u>Month of July</u>	<u>Thru July 31, 2012</u>	<u>Budget</u>	
<b>Income</b>				
Water Rev & Late Chg	\$192,458.00	\$1,166,049.00	\$2,353,604.00	50%
Other Water	\$6,160.00	\$44,763.00	\$75,000.00	60%
Interest	\$77.00	\$656.00	\$2,000.00	33%
<b>Total Income</b>	<b>\$198,695.00</b>	<b>\$1,211,468.00</b>	<b>\$2,430,604.00</b>	<b>50%</b>
<b>Expenses</b>				
Salaries of Employees	\$30,586.00	\$186,106.00	\$331,331.00	56%
Salaries of Comm	\$2,500.00	\$17,500.00	\$30,000.00	58%
Comm Expense	-	-	\$3,000.00	
Insurance Employees	\$7,500.00	\$44,354.00	\$90,800.00	49%
Retirement Employees	\$5,921.00	\$34,934.00	\$57,700.00	61%
Water Purchased	\$91,097.00	\$532,427.00	\$810,500.00	66%
Electric	\$1,143.00	\$36,971.00	\$72,500.00	51%
Materials Supplies	\$10,004.00	\$69,317.00	\$110,000.00	63%
Contractual Services	\$561.00	\$28,629.00	\$43,800.00	65%
Rental	\$1,034.00	\$1,129.00	\$1,000.00	113%
Transportation Expense	\$4,168.00	\$29,056.00	\$57,700.00	50%
Insurance	-	\$14,630.00	\$16,500.00	89%
Insurance WC	(\$795.00)	\$6,233.00	\$7,000.00	89%
Ad Expense	\$336.00	\$4,312.00	\$2,000.00	216%
Bad Debt	-	(\$1,348.00)	\$12,000.00	
Misc Expenses	\$2,708.00	\$17,853.00	\$30,900.00	58%
Depreciation	-	-	-	
Assessment Fees	-	\$3,481.00	\$3,200.00	109%
Payroll Tax	\$2,470.00	\$15,418.00	\$27,500.00	56%
Truck Account	-	-	\$18,000.00	
Loan Principle Payment	\$12,625.00	\$88,375.00	\$151,500.00	58%
Loan Interest Payment	\$21,575.00	\$151,025.00	\$258,855.00	58%
Int Cust Dep	\$4.00	\$167.00	\$1,000.00	17%
Depreciation Reserve	\$ -	-	-	
<b>Total Expenses</b>	<b>\$193,437.00</b>	<b>\$1,280,569.00</b>	<b>\$2,136,786.00</b>	<b>60%</b>
<b>TOTAL</b>	<b>\$5,258.00</b>			