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June 21, 2019

Ms. Gwen R. Pinson
Executive Director
Public Service Commission
211 Sower Blvd Frankfort, KY 40601

RE: Case No. 20018-00429
ARF Application – Water Rates
Graves County Water District

Dear Ms. Pinson:

In its Notice of Filing of the Commission Staff Report dated June 10, 2019, the Commission stated that Graves County Water District of Carlisle and Graves Counties (“Graves District”) is required to file written comments regarding the findings no later than 14 days from the date of entry of the Staff Report.

On behalf of Graves District, it is affirmed that Graves District and its rate consultant have reviewed the Staff Report in this matter and do not object to the Staff’s findings in the report.

Pursuant to the recommendations set forth in the Staff Report, Graves District agrees that the revenue requirements and base rates calculated by the Staff are reasonable. Graves District further agrees that it is reasonable to implement a monthly water loss detection and repair surcharge and to establish a separate, interest-bearing account in which to deposit the proceeds from the surcharge and fund Graves District’s water loss detection and repair program costs.

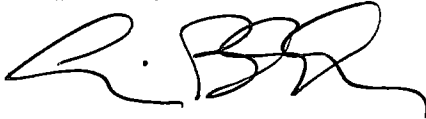
While it does not have any objections to the surcharge or the surcharge amount calculated by the Staff, Graves District would propose a more gradual implementation of the surcharge. Specifically, Graves District proposes to implement the surcharge in two phases (1) a monthly surcharge of \$2.00 per customer for the first 12-months of implementation of the surcharge, and (2) a monthly surcharge of \$3.20 per customer, as calculated by the Staff in the Staff Report, subsequent to the first twelve months. Graves District believes that this phased-in approach to the surcharge would be consistent with the ratemaking principles of rate continuity and gradualism.

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Graves District also requests clarification that the surcharge could be used to fund the following types of costs: (1) the cost of leak repairs; (2) direct labor costs for leak detection and repair; (3) the cost of equipment for leak detection and repair (e.g., leak detection meters, listening devices, leak data loggers); (4) the cost of leasing vac-trucks for use in leak detection and repairs; and (4) incremental administrative costs directly related to the leak detection and repair program.

Graves District agrees that it is reasonable for the utility to file monthly activity reports with the Commission that include a statement of monthly surcharge billings and collections; a monthly surcharge bank statement; a list of each payment from the account, its payee, and a description of its purpose; and invoices supporting each payment, along with monthly water-loss reports.

Respectfully submitted,



Eric Blake
Senior Consultant and Principal
The Prime Group LLC

cc: Office of the Attorney General, Rate Intervention
Kevin Leonard
S. Boyd Neely, Jr.