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DEC 04 2019

PUBLIC SERVICE  
COMMISSION

December 4, 2019

***Via Hand-Delivery***

Gwen R. Pinson  
Executive Director  
Kentucky Public Service Commission  
P.O. Box 615  
211 Sower Boulevard  
Frankfort, KY 40602

Re: In the Matter of: *Application of Knott County Water and Sewer District for an Alternative Rate Adjustment* - Case No. 2019-00268

Dear Ms. Pinson:

Enclosed please find for filing with the Commission in the above-referenced case an original and five copies of Knott County Water and Sewer District's ("KCWSD") Comments on Commission Staff's November 20, 2019 Report. Please return a file-stamped copy to me.

Please do not hesitate to contact me if you have any questions.

Sincerely,



Mark David Goss

Enclosures

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

THE APPLICATION OF KNOTT COUNTY	)	
WATER AND SEWER DISTRICT FOR AN	)	CASE NO. 2019-00268
ALTERNATIVE RATE ADJUSTMENT	)	

KNOTT COUNTY WATER AND SEWER DISTRICT'S  
COMMENTS ON COMMISSION STAFF'S REPORT

Comes now Knott County Water and Sewer District ("KCWSD"), by counsel, pursuant to 807 KAR 5:076, Section 3, and other applicable law, and respectfully provides the following comments to the Commission Staff's Report ("Report") dated November 20, 2019:

1. KCWSD agrees with the Commission Staff's findings made in the Report with one exception.
2. KCWSD would ask Commission Staff to reconsider its finding contained in paragraph (2)(K) Contractual Services – Purchased Power Contract. It is true that currently KCWSD is licensed by the United States Army Corps of Engineers ("Corps of Engineers") to withdraw up to two million gallons of raw water per day ("MGD") from Carr Creek Lake. It is also true that in its Application, KCWSD requested to increase the Contractual Services by \$69,556 to reflect an increase in the water withdrawal fees for withdrawing 4 MGD from Carr Creek Lake.
3. KCWSD also agrees with the Commission Staff's finding that the payment to the Corps of Engineers for the current 2 MGD water withdrawal is approximately \$62,099. This is based on the previous five-year average. However, KCWSD would request Commission Staff to reconsider the decision to not include the future increase of the Corps of Engineers' payment.

4. KCWSD has surpassed the 2 MGD water withdrawal and has pending before the Corps of Engineers a new water usage rate contract allowing up to 4 MGD water withdrawal rate. Based on KCWSD's correspondence with Kenneth Meffert from the Corps of Engineers, KCWSD believes that approval of the new contract for 4 MGD usage is imminent. According to the conversations KCWSD has had with the Corps of Engineers, the contract has already been reviewed and approved by the Louisville office and has been sent up the chain of command and will eventually be signed in Washington DC by the commanding officer. Although the Corps of Engineers' Louisville office doesn't see any reason why KCWSD would not receive the permanent increase to 4 MGD, no official documentation stating such could be provided to KCWSD since the contract has not been finalized. It is inevitable with increased usages come increased charges for draw rights. The future payment is expected to be double from what it has been in the past. Unfortunately, the Corps of Engineers cannot provide a precise dollar number as to the increased rate because it is computed on Operation & Maintenance fees incurred by the Corps of Engineers which fluctuates every year. Thus, KCWSD can only estimate the amount based upon historical averages. Therefore, KCWSD is requesting that the Commission's final Order include a pro forma adjustment of \$62,099 for the additional Corps of Engineers annual expense.

5. KCWSD is willing to participate in an Informal Conference if Commission Staff has additional questions or if Commission Staff believes an Informal Conference would be beneficial.

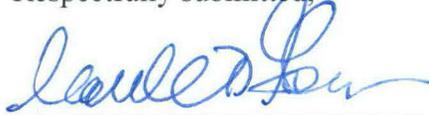
6. KCWSD is not requesting a hearing at this time. However, KCWSD reserves its right to litigate the issue discussed above if a hearing becomes necessary.

WHEREFORE, KCWSD respectfully requests that the Commission Staff consider the

comments above and revise its recommendation regarding the increase in the Corps of Engineers annual expense, as it is the best approximation of a most certain obligation which KCWSD will have to pay.

Done this 4<sup>th</sup> day of December 2019.

Respectfully submitted,



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*Counsel for Knott County Water and Sewer District*

#### CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the foregoing was sent via U.S. Mail, postage pre-paid, to the following individuals on this 4<sup>th</sup> day of December, 2019:

Hon. Justin McNeil  
Office of the Attorney General  
700 Capital Ave., Suite 20  
Frankfort, KY 40601-8204

Gerald Wuetcher  
Stoll Keenon Ogden, PLLC  
300 West Vine Street, Suite 2100  
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